

# COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)

ATTY. DAISY L. PARKER

(Contact Person)

884-1106

(Company Telephone Number)

### Definitive

Month Day  
(Fiscal Year)

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(Form Type)

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Month Day  
(Annual Meeting)

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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

\_\_\_\_\_

Total No. of Stockholders

\_\_\_\_\_

Domestic

\_\_\_\_\_

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

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**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

- ☐ Preliminary Information Statement  
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter:  
**ZEUS HOLDINGS, INC.**

3. Province, Country or other jurisdiction of incorporation or organization  
**Metro Manila, Philippines**

4. SEC Identification Number: **102415**

5. BIR Tax Identification Code: **000-056-514**

6. Address of Principal Office  
**20/F, LKG Tower, 6801 Ayala Avenue, Makati City**

7. Registrant's telephone number, including area code: **(632) 884-1106**

8. Date, time and place of the meeting of security holders

Date : **Wednesday, 28 November 2007**  
Time : **2:00 p.m.**  
Place : **Penthouse, Lepanto Bldg., 8747 Paseo De Roxas, Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **on or before 05 November 2007**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common</b>	<b>2,733,463,907</b>
<b>Loans</b>	<b>Nil</b>

11. Are any or all of registrant's securities listed on a stock exchange?

Yes ☒ No ☐

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**Philippine Stock Exchange ("PSE")**

**Common**

## INFORMATION STATEMENT

***WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.***

### **PART I. GENERAL INFORMATION**

#### **Date, Time and Place of Meeting of Security Holders**

The Annual Stockholders' Meeting of Zeus Holdings, Inc. ("Zeus" or the "Company") will be held on Wednesday, 28 November 2007 at 2:00 p.m. at the Penthouse, Lepanto Bldg., 8747 Paseo de Roxas, Makati City. The complete mailing address of its principal office is 20<sup>th</sup> Floor, LKG Tower, 6801 Ayala Avenue, Makati City 1200.

Definitive copies of this Information Statement will be sent to all stockholders entitled to notice and vote approximately on or before 05 November 2007.

#### **Dissenters' Right of Appraisal**

Generally, a stockholder shall have the right to dissent and demand payment of the value of his shares in the instances stated in Section 81 of the Corporation Code, as follows: (a) amendment of the articles of incorporation which has the effect of changing or restricting the rights of any stockholders or class of shares; or authorizing preferences in any respect superior to those outstanding; or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or disposition of all or substantially all of the corporate property and assets; and (c) in case of merger and consolidation.

The appraisal right abovementioned may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within 30 days after the date on which the vote was taken for payment of the fair value of his shares: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of 60 days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within 30 days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

The present meeting, however, is being called to approve the following matters:

- a. the minutes of the previous stockholders' meeting;
- b. 2006 Audited Financial Statements;
- c. ratification of corporate acts;
- d. election of directors; and
- e. appointment of external auditors.

Hence, there is no basis for the exercise of the appraisal right.

## Interest of Certain Persons In or Opposition To Matters to Be Acted Upon

No person who has been an officer or director of Zeus at any time since the beginning of the last fiscal year, or nominee as director of Zeus, nor any of their associates, has or has had any substantial interest in the Corporation (direct or indirect) in the matters to be acted upon during the annual stockholders' meeting.

Neither has any of the directors informed the Corporation in writing that he or she intends to oppose any action to be taken by the Corporation at the said meeting.

Pursuant to the requirements of the Securities Regulation Code, Zeus has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

## PART II. CONTROL AND COMPENSATION INFORMATION

### Voting Securities and Principal Holders Thereof

*Number of Shares Outstanding/Record Date*

<u>Class</u>	<u>No. of Shares Outstanding</u>	<u>No. of Votes to Which Entitled</u>
Common	2,733,463,907	2,733,463,907

(As of 30 September 2007)

The record date for those who shall be entitled to vote has been fixed at 17 October 2007.

### *Voting Rights*

In the Annual Stockholders' Meeting, stockholders shall be entitled to elect nine (9) members to the Board of Directors. Each stockholder may vote the number of shares standing in his name in the books of Zeus for each of nine persons whom he may choose from the list of nominees; or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by nine shall equal; or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by nine.

*Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of 30 September 2007*

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Zamcore Realty and Development Corporation* / 5/F Lepanto Bldg., Paseo De Roxas, Makati City / Stockholder	Zamcore Realty and Development Corporation	Filipino	929,377,728	34%
Common	F. Yap Securities, Inc.** / 23/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City / Broker	Horizon Resources Corporation / Client	Filipino	410,019,586	15%



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	15%
Common	F. Yap Securities, Inc. **** / 23/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City / Broker	Sharone King / Client	Filipino	273,346,390	10%
Common	F. Yap Securities, Inc. ***** / 23/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City / Broker	Charles Paw / Client	Filipino	273,346,390	10%

\*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 Horizon Resources Corporation (HRC) and shall vote these shares in accordance with the instructions of HRC.

\*\*\*FYSI holds the 410,019,586 Zeus shares in trust for Lindsay Resources Corporation (LRC) and shall vote these shares in accordance with the instructions of LRC.

\*\*\*\*FYSI holds the 273,346,390 Zeus shares in trust for Sharone King and shall vote these shares in accordance with the instructions of Sharone King.

\*\*\*\*\* FYSI holds the 273,346,390 Zeus shares in trust for Charles Paw and shall vote these shares in accordance with the instructions of Charles Paw.

*Security Ownership of Management (as of 30 September 2007)*

Title of Class	Name of beneficial owner	Amount and nature of beneficial ownership	Citizenship	Percent of class
Common	Felipe U. Yap	1*(i)	Filipino	0%
	Yuen Po Seng	1*(i)	Malaysian	0%
	Ronald P. Sugapong	1*(i)	Filipino	0%
	Ariel T. Lopez	1*(i)	Filipino	0%
	Daisy L. Parker	1*(i)	Filipino	0%
	Jesus Clint O. Aranas	1 (d)	Filipino	0%
	Total	6		

\*Registered in their names but held in trust for FYSI. FYSI 179,000

*Voting Trust Holders of 5% or More of Outstanding Voting Securities*

There is no voting trust or similar arrangement for 5% or more of the Company's shares.

*Change in Control of the Registrant Since Beginning of Last Fiscal Year*

On 20 June 2007, ZHI Holdings, Inc. sold 2,555,788,753 shares (out of its 2,678,795,623 shares) of stock in the Company, representing 93.5% of the outstanding capital stock of the Company, to F. Yap Securities, Inc. in Trust For Various Clients ("FYSI"), namely Zamcore Realty and Development Corporation (for 929,377,728 shares equivalent to 34% of Zeus' outstanding capital stock), Horizon Resources Corporation

(for 410,019,586 shares equivalent to 15% of Zeus' outstanding capital stock), Lindsay Resources Corporation (for 410,019,586 shares equivalent to 15% of Zeus' outstanding capital stock), Sharone King (for 273,346,390 shares equivalent to 10% of Zeus' outstanding capital stock), Charles Paw (for 273,346,390 shares equivalent to 10% of Zeus' outstanding capital stock), Grace Cerdania (for 129,839,537 shares equivalent to 4.75% of Zeus' outstanding capital stock), and George Ivan Ang (for 129,839,536 shares equivalent to 4.75% of Zeus' outstanding capital stock). The total consideration for the sale of the Zeus shares was Eighty-Five Million Pesos (P85,000,000.00).

## **Directors and Executive Officers**

### *Legal Proceedings*

There are no material pending legal proceedings to which the directors or executive officers of the registrant are parties.

### *Directors and Executive Officers – Positions/Other Directorships*

Except for Atty. Ariel T. Lopez, the present directors of Zeus have been nominated/are up for re-election in its forthcoming election.

The Articles of Incorporation and By-Laws of Zeus provide for a nine-member Board of Directors. The directors are elected for a term of one year and serve until the election and acceptance of their qualified successors.

As a corporation publicly listed in the Philippine Stock Exchange, Zeus conforms with the procedures for nomination of directors as provided under SRC Rule 38, as amended, and the Corporation's Manual on Corporate Governance. Nominations for independent directors are conducted by the Nomination Committee prior to the stockholders' meeting. All recommendations are required to be signed by the nominating stockholder together with the acceptance and conformity by the would-be nominees.

The Nomination Committee prepares a Final List of Candidates which contains all the information about all the nominees for independent directors, and the same is made available to all stockholders through the Information Statement or Proxy Statement, as the case may be.

Only nominees whose names appear on the Final List of Candidates are eligible for election as independent directors. No other nomination is entertained after the Final List has been prepared or allowed on the floor during the Annual Stockholders' Meeting.

In case of failure of election for independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

In case of resignation, disqualification or cessation of independent directorship, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination of the Nomination Committee, otherwise, said vacancy shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected shall serve only for the unexpired term of his predecessor.

The following are the incumbent directors/officers of Zeus, each of whom were elected as such for a period of one (1) year at the previous annual stockholders meeting held on 20 November 2006, and who, except for Atty. Ariel T. Lopez, are also nominated for the same positions in the forthcoming Annual Stockholders' Meeting. The list below includes the directorships/officerships held by the Company's present directors in other corporations. Most of these directorships/officerships have been held by the directors for the past six (6) years to the present.

- a. FELIPE U. YAP (70), Filipino – Director/Chairman (4 November 1998 – present)

*Chairman and Chief Executive Officer of Lepanto Consolidated Mining Company, Lepanto Investment & Development Corporation, Diamant Boart Philippines, Inc., Diamond Drilling*

Corporation of the Philippines, Far Southeast Gold Resources, Inc., Manila Mining Corporation and Shpside, Inc.; *Director and Chairman of* Prime Orion Philippines, Inc., FLT Prime Insurance Corporation, Orion Land Inc., Tutuban Properties, Inc., Orion I Holdings Philippines, Inc., Orion Brands International, Inc., Yapster e-Conglomerate and Lepanto Ceramics, Inc.; *Director of* Cyber Bay Corporation, Manila Peninsula Hotel, Inc., Philippine Associated Smelting & Refining Corporation, Philippine Fire & Marine Insurance Corporation, Orion Property Development, Inc., and BA-Lepanto Condominium Corporation.

- b. YUEN PO SENG (49), Malaysian – Director/President (4 November 1998 – present)

*President/Director of* Prime Orion Philippines, Inc., Lepanto Ceramics, Inc., Orion I Holdings Philippines, Inc., FLT Prime Insurance Corporation, Zeus Holdings, Inc., and Orion Maxis Inc.; *Chairman/President of* ZHI Holdings, Inc., Orion Solutions, Inc., OE Enterprises Holdings, Inc., Genex Investments Corporation, and Treasure-House Holdings Corporation; *Chairman of* HLG Philippines, Inc.; *Director/Treasurer of* Guoco Assets (Philippines), Inc. and Hong Way Holdings, Inc.; *Director of* Orion Brands International, Inc., Cyber Bay Corporation, Central Bay Reclamation and Development Corporation, Orion Land Inc., Tutuban Properties, Inc., TPI Holdings Corporation, DHG Capital Holdings, Inc., BIB Aurora Insurance Brokers, Inc., OE Holdings, Inc., Guoco Securities (Philippines), Inc. (pending dissolution), OTi Consulting Philippines, Inc., MAA Mutualife Philippines, Inc., and Systems Components & Creative Productions, Inc.

- c. DAISY L. PARKER (43), Filipino – Director/Corporate Secretary (14 March 2001 to present)

*Director/President of* Nadeco Holdings Corporation; *Director/Corporate Secretary of* Prime Orion Philippines, Inc., Guoco Assets (Philippines), Inc., Orion Land Inc., Tutuban Properties, Inc., Orion Property Development, Inc., Orion I Holdings Philippines, Inc., Orion Beverage, Inc., Lepanto Ceramics, Inc., Orion Brands International, Inc., DHG Capital Holdings, Inc., FLT Prime Insurance Corporation, BIB Aurora Insurance Brokers, Inc., Orion Solutions, Inc., OE Holdings, Inc., ZHI Holdings, Inc., 22Ban Marketing, Inc., OE Enterprises Holdings, Inc., and HLG Philippines, Inc.; *Director of* Hong Way Holdings, Inc. and Nadeco Realty Corporation; *Corporate Secretary of* Orion Maxis Inc., Genex Investments Corporation, Treasure-House Holdings Corporation, and Guoco Securities (Phil.), Inc. (pending dissolution)

- d. RONALD P. SUGAPONG, Filipino (39) – Director/Treasurer (14 March 2001 to present)

*Group Financial Controller/Vice President for Finance/Treasurer of* Prime Orion Philippines, Inc.; *Director and Treasurer of* Orion I Holdings Philippines, Inc., Orion Brands International, Inc., Orion Beverage, Inc., Orion Land Inc., Orion Property Development, Inc., Tutuban Properties, Inc., Lepanto Ceramics, Inc., Luck Hock Venture Holdings, Inc., ZHI Holdings, Inc., OE Holdings, Inc., OE Enterprises Holdings, Inc., and Orion Maxis Inc.; *Director of* Guoman Philippines, Inc.

- e. ARIEL T. LOPEZ (44), Filipino – Director (25 June 2004 to present)  
Assistant Corporate Secretary (19 December 2001 to present)

- f. JESUS CLINT O. ARANAS (39), Filipino – Independent Director (12 December 2002 to present)

*Tax Principal of* Aranas Consunji Barleta & Co.; *Director and Chairman of* Rural Bank of Magallon; *Director/President of* Liyam Property, Inc.; *Director/Corporate Secretary of* Philippines Epson Property Holdings, Inc., *Corporate Secretary of* Epson Precision (Philippines), Inc., Epson Imaging Devices (Philippines), Inc., Philippines Epson Optical, Inc., and Epson Software Engineering (Philippines), Inc.

The following persons will also be nominated for the position of directors in the forthcoming Annual Stockholders' Meeting:

- a. JOSE G. CERVANTES (73), Filipino

Director of Lepanto Consolidated Mining Company (2006 to present) and Manila Mining Corporation (2006 to present); *Senior Vice-President of The Philippine Stock Exchange, Inc.* (2000-2005)

b. AUGUSTO C. VILLALUNA (58), Filipino

*Director of Manila Mining Corporation* (2003 to present), *Philippine Mine Safety and Environment Association* (2004 to present), and *Philippine Association of Professional Regulatory Board Members, Inc.* (2006 to present); *Senior Vice President/Resident Manager/Vice President for Corporate Affairs of Lepanto Consolidated Mining Company* (2003 to present)

c. STEPHEN Y. YAP (39), Filipino

*Director of Central Quality Appliance, Inc.* (2005 to 2007); *President of Starman Sales, Inc.* (1980s to present); *Vice-President for Operations of Tutuban Properties, Inc.* (2002 to present)

d. RHEA A. JARO (27), Filipino

*Senior Associate of Aranas Consunji Barleta Law Offices* (2006-present); *Head of Corporate Development Planning of Jaro Development Corporation* (2005-2006); *Intern, Court of Appeals, Office of Justice Bernardo P. Abesamis* (2003)

The Company's Nomination Committee was constituted on 27 November 2003. It is composed of two regular directors (Messrs. Yap and Yuen) and an independent director in the person of Atty. Jesus Clint O. Aranas. Atty. Aranas and/or Aranas Consunji Barleta Law Offices do not render any legal or other service to the Company. Atty. Aranas has fully discharged his functions as such independent director for the current year and, together with Atty. Rhea A. Jaro, is again nominated by a stockholder of Zeus, to serve in the same capacity for the coming year. Both Atty. Aranas and Atty. Jaro have no relationship with the nominating party. They have already given their consent to the said nomination. No other persons were nominated to the position.

The nominations of Attys. Aranas and Jaro are in accordance with Article IV, Section 4 of the Company's *Amended By-Laws*. The amendment to the Company's *By-Laws*, pertaining to nomination and election of Independent Directors, was made on 20 September 2005 and approved by the Securities and Exchange Commission on 25 November 2005, in compliance with Rule 38 of the Securities and Regulation Code (as amended).

Zeus has no other employees who are expected to make any significant contributions to its business.

*Family Relationships*

The directors, executive officers, or persons nominated or chosen by Zeus to become directors or executive officers are not related up to the fourth civil degree either by consanguinity or affinity.

*Involvement in Certain Legal Proceedings*

There has been no occurrence of any of the following events during the past five years up to the date of filing of this Information Statement that are material to any evaluation of the ability of any director or executive officer of Zeus:

- 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.

#### *Certain Relationships and Related Transactions*

- a. There has been no transaction during the last two years, or proposed transactions, to which Zeus was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:
  - i) any director or executive officer of the registrant;
  - ii) any nominee for election as a director;
  - iii) any security holder named in response to Part II herein;
  - iv) any member of the immediate family (including spouse, parents, children siblings, and in-laws) of any of the persons in the immediately preceding subparagraphs.
- b. Zeus does not have a parent company, as no one stockholder owns more than 50% of its shares. As per the corporate records in Zeus' possession, the largest record and beneficial owner of its shares is Zamcore Realty and Development Corporation, owning 929,377,728 shares, representing 34% of the outstanding capital stock of Zeus.

#### *Resignation of Directors*

No director of Zeus has resigned or declined to stand for re-election due to any disagreement involving the Company.

#### *Compensation of Directors and Executive Officers*

The members of the Board of Directors and Officers of Zeus have not received any compensation of whatever nature for the current year to date as well as for the last two fiscal years. There are no contracts or arrangements for the Company to pay any of its directors or officers monetary or non-monetary compensation (i.e. stock warrants or options).

#### *Independent Public Accountants*

It is proposed that the firm of Punongbayan & Araullo, the external auditor of Zeus for the immediately preceding fiscal year, be re-appointed as the external auditor of the Company. The Partner-in-Charge assigned to handle the Zeus account is Ms. Mylene Sigue Bisnar. She shall take over from Ms. Lily Linsangan who had been assigned to handle the Zeus account for five years but served for only two years. Representatives of the said firm have been invited to be present at the Annual Stockholders' Meeting. Thus, if they attend, they may be able to answer questions that may arise in the course thereof.

There have been no disagreements between Zeus and its accountants/external auditor on any accounting matter since the last annual stockholders' meeting to date.

### **PART III. OTHER MATTERS**

#### **Action with Respect to Reports**

Minutes of Annual Stockholders' Meeting dated 20 November 2006 will be submitted for approval of stockholders. Among the matters included in the Minutes of Annual Stockholders' Meeting are the

following: (1) Approval of the Minutes of the previous Stockholders' meeting dated 14 November 2005; (2) Chairman's Report and Approval of Financial Statements; (3) Amendment of the By-Laws to include a provision on independent directors; (4) Ratification of Corporate Acts; (5) Election of Directors; and (6) Appointment of External Auditors.

Among the corporate acts included under item (4) above are the following:

- Approval of the audited financial statements for the year ended 31 December 2005
- Postponement of the Annual Stockholders' Meeting to a date subsequent to that specified in the Company's By-Laws
- Setting of the Annual Stockholders' Meeting to 20 November 2006
- Confirmation of nomination of independent director
- Creation of a Special Committee of Inspectors for validation of proxies
- Appointment of the Company's Compliance Officer and members of the Nomination Committee, Compensation and Remuneration Committee and Audit Committee as required under the Manual on Corporate Governance
- Appointment of the Company's Compliance Officer as required under the Anti-Money Laundering Manual
- Designation of the Company's bank signatories

#### **Voting Procedures**

##### *Vote Required for Approval or Election*

Article III, Section 7 of the By-Laws of Zeus states that a plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present, shall decide all elections and all questions (such as, but not limited to, approval of audited financial statements and minutes of previous meetings, appointment of external auditors, payment of directors' fees, etc.) except in cases where other provision is made by statute or by the Articles of Incorporation (such as the amendment of the By-laws as stated below).

Article IV, Section 4 of the By-Laws of Zeus states that at each meeting of stockholders for the election of directors, at which a quorum is present, the persons receiving the highest number of votes of the stockholders present in person or by proxy and entitled to vote, shall be the directors.

Article IX, Section 1 of the By-Laws also states that all by-laws of the Corporation shall be subject to amendment, alteration or repeal, and new By-Laws not inconsistent with any provision of law may be made by the affirmative vote of the holders of record of a majority of the outstanding capital stock of the Corporation entitled to vote in respect thereof, and the majority vote of the directors, given at an annual meeting or at any special meeting, provided that notice of the proposed amendment, alteration or repeal or of the proposed new by-Laws be included in the notice of such meeting. The Board of Directors may likewise amend, alter or repeal any By-Laws or adopt new By-Laws, at any regular or special meeting of the Board, if authorized by the stockholders, as provided by law.

##### *Method by which Votes will be Counted*

Unless demanded by a stockholder present in person or by proxy, the vote in any question need not be by ballot. Each shareholder may vote in person or by proxy the number of shares of stock standing in his name on the books of the Corporation. Each share represents one vote. During the meeting, voting for the approval/ratification of the matters to be presented during the meeting and election of directors shall be by



viva voce or show of hands. Counting of votes shall be supervised by the Corporate Secretary/Assistant Corporate Secretary and the transfer agent of Zeus.

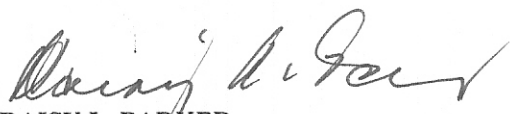
#### UNDERTAKING

THE MANAGEMENT OF ZEUS UNDERTAKES TO PROVIDE TO ITS STOCKHOLDERS OF RECORD AS OF THE CUT-OFF DATE, UPON THEIR WRITTEN REQUEST, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A FREE OF CHARGE. COPIES OF EXHIBITS AND ATTACHMENTS THERETO MAY ALSO BE PROVIDED SUBJECT TO THE PAYMENT OF REASONABLE CHARGES TO COVER PRODUCTION COSTS. ALL WRITTEN REQUESTS FOR COPIES OF THE ANNUAL REPORT AND EXHIBITS MAY BE ADDRESSED TO THE COMPANY'S CORPORATE SECRETARY, ATTY. DAISY L. PARKER, AT 20/F, LKG TOWER, 6801 AYALA AVENUE, MAKATI CITY.

#### SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 31 October 2007.

By:

  
DAISY L. PARKER  
Corporate Secretary

**ZEUS HOLDINGS, INC.  
MANAGEMENT REPORT**

**Business and General Information**

Zeus Holdings, Inc. ("Zeus" or the "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 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, 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 Realty Corporation, holding a 34% equity stake in the Company.

The Company currently has minimal operations and, thus, has no full time employees. However, the Company is exploring several options to revitalize its operations in the future.

#### **Plan of Operation**

With the change in ownership, the Company is currently evaluating business opportunities to revitalize its operations.

Of late, the country has seen a surge in mining activity due mainly to increased prices of metal commodities. The Philippines, with its still considerable areas of metal deposits, is therefore in an excellent position to take advantage of this opportunity. Consequently, in its quest for profitable ventures, the Company is considering a shift in its purpose from an investment holding company to a mining entity.

The Company has been in discussion with several parties with mining interests, foremost of which is a firm with mining claims in Mindanao, for possible mining business venture. The area in Mindanao has been adjudged to have substantial nickel, copper and gold deposits. Since early this year, nickel has been in great demand in China, which demand has driven the price of this metal to record highs.

The Company is in the process of evaluating the economic and financial viability of this business and will make the proper and necessary disclosures once a formal agreement is reached by parties concerned.

The major stockholders commit to support the operations of the Company. In the immediate term, the major stockholders will provide the cash requirements of the Company. For this reason, there is no expected major change in its operations, including significant changes in its manpower complement or planned purchase of plant or other major equipment. The Company has no ongoing planned research and development activities for the same period.

### Management's Discussion and Analysis of Plan of Operation

#### Year 2006

For the year ended December 31, 2006, cash decreased by 20% from P52,431 as of December 31, 2005 to P41,871, to fund operating expenses. Increase in total assets, from P140,684 in prior year to P168,110 as of the period, is attributable to 43% increase in input value added tax mainly due to purchases and payment of listing fee.

Advances from affiliates increased by 226% compared to last year to settle operating expenses.

During the year, operating expenses decreased by 10% due to lower volume of AGM Reports reproduced. Special audit was conducted on inter-company advances for the conversion of advances to additional paid-in capital, and out-of pocket expenses during audit.

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

Ratios	Formula	30-Jun-07	31-Dec-06	31-Dec-05
Current ratio	Current Assets/ Current Liabilities	0.13:1 245,672/1,824,231	0.12:1 168,110/1,451,087	0.15:1 140,682/925,169
Debt to equity ratio	Total Liabilities/ Stockholders' Equity	(1.16): 1 1,824,231/(1,578,559)	(1.13): 1 1,451,087/(1,282,977)	(1.18): 1 925,169/(784,487)
Equity to debt ratio	Stockholders' Equity/ Total Liabilities	(0.87): 1 (1,578,559)/1,824,231	(0.88): 1 (1,282,977)/1,451,087	(0.85): 1 (784,487)/925,169
Book value per share	Stockholders' Equity/ Total # of shares	-0.00058 (1,578,559)/2,733,463,907	-0.00047 (1,282,977)/2,733,463,907	-0.00029 (784,487)/2,733,463,907
Loss per share	Net Loss/ Total # of Shares	-0.00011 (295,583)/2,733,463,907	-0.00018 (498,490)/2,733,463,907	-0.0002 (554,657)/2,733,463,907

Given the minimal operations of ZHI for the past few years, the foregoing financial ratios are deemed to be the best indicators of its performance for the given time period.

(a) Full fiscal years

Discussion and analysis of material event/s and uncertainties known to Management and that would address the past and would have an impact in future operations of the following:

- (i) *Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability*

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

- (ii) *Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation*

The Company is not aware of any event 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 years covered 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 2005

The Company incurred a net loss of P554,657.00 compared to the FY 2004 net loss of P421,293.00. The increase in net loss was due primarily to increases in accrued expenses and other payables, specially those pertaining to taxes and licenses. The Company also posted an increase in total current assets from P131,650.00 in FY 2004 to P140,682 in 2005.

Cash decreased by 17% to P43,536 as of the second quarter 30 June 2006 from P52,430 as of 31 December 2005 to fund operating expenses, while input value added tax increased by 34% from P88,252 to P118,228 due to purchases. Advances to related parties increased by 169% to fund expenses. However, total assets increased from P140,682.00 in FY2005 to P161,764 during the quarter.

Operating expenses decreased by 2% to P270,000 from P276,000 for the six months ended June 30, 2006 and 2005 respectively. Though taxes and licenses increased by 3%, these were negated by the decrease in photocopying and reproduction of annual report, and other operating expenses during the period.

On 20 September 2005, the Board of Directors of ZHIHI approved the conversion of its advances to the Company as of the said date into equity in the Company. The Board of Directors of the Company accepted the said conversion on the same date. Thus, as of the year ended 31 December 2005, ZHIHI's advances to the Company was 80% less compared to the same period the previous year where its total advances amounted to P1,216,009.00.  
*Year 2004*

The Company incurred a net loss of P421,293.00 compared to the FY 2003 net loss of P404,301.00. The slight increase in net loss was due primarily to increases in the Company's operating expenses, particularly payment of professional fees. The Company also posted an increase in total current assets from P101,040.00 in FY 2003 to P131,650.00 in FY 2004.

Cash decreased by about 65% from P73,546 as of December 2004 to P25,941 as of June 2005 due to payment of operating expenses, while prepayments and other current assets increased by 37% from P58,104 to P79,720 due to input VAT from purchases. Payables and operating expenses were paid during the period through advances from parent company reducing payables by 15% and increasing due to related parties by 29%.

Except for the decrease in net loss and increase in assets discussed above, there were no material changes in the results of operations of the Company in FY 2004 as compared to FY 2003.

(b) Interim Periods

Discussion and analysis of material event/s and uncertainties known to Management and that would address the past and would have an impact in future operations of the following:

- (i) *Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability*

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

- (ii) *Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation*

The Company is not aware of any event 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.

Increase in "Due to Related Party" was due to advances made from ZHI Holdings, Inc. to pay its operating expenses.

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

#### **Audit and Audit-Related Fees**

The total fees for audit of annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements are as follows:

	2006	2005	2004
Professional Fees	80,000	80,000.00	65,000.00
Value Added Tax	9,600	8,000.00	6,500.00
Total Audit Fees	89,600	88,000.00	71,500.00

In 2005, the auditor performed review of advances as a requirement for the conversion of ZHI Holdings, Inc.'s advances into equity. The Company paid audit fee amounting to P28,000.00, over and above the regular professional fee of P80,000.00, in connection with the review of related documents on advances.

For the year 2007, the estimated audit fee is P89,600.00.

## Tax Fees

ZHI did not engage the services of the external auditor in the past three (3) years for tax accounting, compliance advice, planning or any other form of tax services, and no fees were paid in connection therewith.

## All Other Fees

Other than the audit and audit-related fees described above, the Company was not billed for any other fees by the external auditor for any other products or services.

The Company's Audit Committee considers and approves the engagement of the external auditor's services in accordance with the policies laid down in its Manual on Corporate Governance, which includes reviewing and pre-approving all audit plans, scope and frequency at least one month before the conduct of external audit. The Audit Committee also performs direct interface functions with the external auditor as circumstances may warrant.

## Market Information

The Company's common equity is traded at the Philippine Stock Exchange ("PSE"). For the preceding two years as well as the first three quarters of the current year, the highs and lows of Zeus' stock market prices are as follows:

Year	Quarter	High	Low
2007	January-March	P0.55	P0.26
	April-June	1.10	0.30
	July-September	1.10	0.52
2006	January-March	No transactions	No transactions
	April-June	0.15	0.15
	July-September	0.33	0.16
2005	January-March	0.30	0.30
	April-June	0.25	0.20
	July-September	No transactions	No transactions
	October-December	No transactions	No transactions

Zeus' stock was last traded at the PSE on 16 October 2007 at the price of seventy centavos (P0.70) per share.

## Holders

As of 30 September 2007, Zeus has a total of eight hundred thirty three (833) stockholders, the top twenty (20) of which are as follows:

	<u>Name of Stockholder</u>	<u>No. of Shares</u>	<u>Percentage (%) of Shareholding</u>
1.	Zamcore Realty and Development Corporation	929,377,728	34.00%
2.	F. Yap Securities in Trust For Horizon Resources Corporation	410,019,586	15.00%

\* Based on report provided by Zeus' stock transfer agent, BDO-Equitable PCI Bank, Inc. - Stock Transfer & Settlement Department

3.	F. Yap Securities in Trust For Lindsay Resources Corporation	410,019,586	15.00%
4.	F. Yap Securities in Trust For Charles Faw	273,346,390	10.00%
5.	F. Yap Securities in Trust For Sharone King	273,346,390	10.00%
6.	PCD Nominee Corporation	129,377,212	4.73%
7.	ZHI Holdings, Inc.	123,006,876	4.50%
8.	F. Yap Securities in Trust For Z2	79,839,537	2.92%
9.	F. Yap Securities in Trust For Z1	79,839,530	2.92%
10.	R. Coyiuto Securities, Inc.	10,310,000	0.38%
11.	Far East Cement Corporation	6,283,906	0.23%
12.	Linda H. Bugarin	2,325,006	0.09%
13.	Antonio T. Vilár	1,486,000	0.05%
14.	Peregrine Securities Phils., Inc.	592,000	0.02%
15.	Jolly R. Bugarin	500,000	0.02%
16.	Sy Tiong Shou &/or Juanita Tan	500,000	0.02%
17.	PCD Nominee Corporation	472,000	0.02%
18.	Martin P. Lorenzo	300,000	0.01%
19.	Wanda Michelle Buencamino	232,000	0.01%
20.	Victoria C. Egan	160,000	0.01%

#### **Dividends**

The Company has not declared any cash dividend for the last three (3) calendar 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 during the past four (4) years.

#### **Audited Financial Statements and Interim Financial**

The Audited Financial Statements of Zeus for the period ended 31 December 2006 and Interim Financial Statements for the period ended 30 June 2007 are attached hereto.

#### **Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

There are no known disagreements with Accountants on Accounting and Financial Disclosure.

#### **Compliance with Corporate Governance**

Pursuant to the Company's Manual on Corporate Governance ("Manual"), the stockholders of Zeus have been, for the past four (4) years, electing an independent director to the Board. The Board is composed of a mix of executive and non-executive directors. The Board establishes the Company's vision and mission, strategies objectives and plans to guide the Company and direct its business endeavors.



The Company, through the Board, has created various committees pursuant to the provisions of its Manual. These include a nomination and election committee, compensation and remuneration committee, and audit committee. The Company has also designated a Compliance Officer, who oversees compliance with the provisions of the Company's Manual.

The Manual contains a Plan of Compliance which not only provides for the duties of the Company's Board of Directors as a whole but also spells out the duties, responsibilities and functions of each individual director. The performance of the directors is measured against the criteria established in the Manual. The directors are also expected to maintain certain continuing qualification standards, the absence of which shall be ground for the removal of a director from the Board. The Manual likewise provides the criteria for the evaluation of the performance of the Company's top management.

For purposes of evaluating compliance with the Company's Manual, the Company has adopted the self-rating form prescribed by the Securities and Exchange Commission. The Company has also prepared its Full Business Interest Disclosure Form. The Company, however, is working on its systems and procedures to improve compliance with the Company's Manual.

Except as specified hereunder, the Company has not committed any major deviations from the provisions of its Manual. To date, the company has not yet fully complied with the provisions of its Manual with respect to the following:

1. There are still three vacancies in the nine-member board. Of the six current directors, there is only one independent director. The election of the additional independent director is expected to be addressed when all the vacancies are filled.
2. Policies and procedures for the identification of potential conflicts of interest involving the Company's directors and officers are still being worked out. The Company's board of directors is still in the process of developing the necessary policies and procedures governing such conflicts of interest.
3. The over-all Financial and Operation Plan of the Company is currently being finalized.
4. The Company has no professional development program in place at present. Given the minimal operations and manpower of the Corporation, there was no perceived need for such a program during the preceding calendar year.
5. There are as yet no written policies and strategic guidelines on major capital expenditures. Such policies and guidelines will be fleshed out after the Board has completed its review of the financial and operational prospects of the Company.
6. The Company did not hold any training seminar to operationalize its Manual. There was no perceived need for such seminar given the limited operations and manpower of the Corporation during the preceding year.



# ZEUS HOLDINGS, INC.

20/F LKG Tower, 6801 Ayala Avenue, Makati City  
Tel. No. 884-1106 / Fax No. 884-1409

## STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

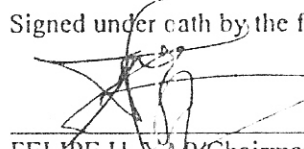
The management of Zeus Holdings, Inc. is responsible for all information and representations in the financial statements as of 31 December 2006 and 2005 and for the years ended 31 December 2006, 2005, and 2004. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect any amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.


In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure the transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Company's external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

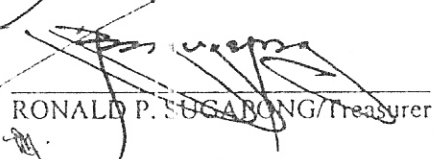
The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Company.

Punongbayan and Araullo, the independent auditors appointed by the Board of Directors and Stockholders, have audited the financial statements of the Company in accordance with generally accepted auditing standards and have expressed their opinion on the fairness of presentation upon completion of such audit, in the report to the Board of Directors and Stockholders.

Signed under oath by the following:

  
FELIPE U. YAP/Chairman of the Board

  
YUEN PO SENG/President

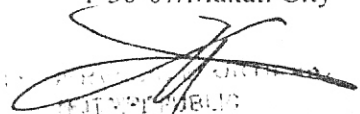
  
RONALD P. SUGABONG/Treasurer

Republic of the Philippines)  
Makati City ) S.S.

SUBSCRIBED AND SWORN to before me this FEB 20 2007 day of \_\_\_\_\_ 2007 affiants exhibiting to me their Community Tax Certificates, to wit:

Name	CTC NO.	Date/Place Issued
Felipe U. Yap	20199227	1-5-07/Davao City
Yuen Po Seng	17679116	2-1-07/Makati City
Ronald P. Sugabong	17674978	1-30-07/Makati City

Doc. No. 209;  
Page No. 20;  
Book No. Y;  
Series of 2007.

  
NOTARY PUBLIC  
JAN 11 2007  
PIT NO. 0017551  
NOT. M - 04/2007 TO 2008  
IBF NO. 658155 - LIFETIME MEMBER  
ROLL NO. 40091

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
TO ACCOMPANY INCOME TAX RETURN

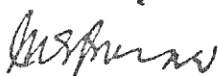
The Board of Directors and Stockholders  
Zeus Holdings, Inc.  
20<sup>th</sup> Floor, LKG Tower  
6801 Ayala Avenue  
Makati City

We have audited the financial statements of Zeus Holdings, Inc. for the year ended December 31, 2006, on which we have rendered the attached report dated January 19, 2007.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid and accrued by the above Company for the year ended December 31, 2006 are shown in the Schedule of Taxes and Licenses.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar

Partner

CPA Reg. No. 0090230

TIN 120-319-128

PTR No. 0267684, January 02, 2007, Makati City

SEC Accreditation No. 0396-A

BIR AN 08-002511-20-2006 (Sept. 8, 2006 to 2009)

January 19, 2007

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BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-FR-1

Offices in Cebu, Davao, Cavite

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders  
Zeus Holdings, Inc.

20<sup>th</sup> Floor, LKG Tower  
6801 Ayala Avenue  
Makati City

We have audited the accompanying financial statements of Zeus Holdings, Inc., which comprise the balance sheets as at December 31, 2006 and 2005, and the income statements, statements of changes in capital deficiency and cash flow statements for the three years ended December 31, 2006, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zeus Holdings, Inc. as of December 31, 2006 and 2005, and its financial performance and its cash flows for the three years ended December 31, 2006, in accordance with Philippine Financial Reporting Standards.

*Emphasis of Matter*

We draw attention to Note 1 to the financial statements which indicates that the Company incurred net losses of P498,490, P554,657 and P421,293 for the years ended December 31, 2006, 2005 and 2004 respectively, and, as of those dates, its capital deficiency amounted to P1,282,977, P784,487 and P1,745,565, respectively. For the current year and the last few years, the Company has not been engaged in any investing and operating activity. Its capital deficiency resulting from losses incurred in prior years and the absence of any investing and operating activity raised substantial doubts about its ability to continue as going concern. The Company's management, however, continues to assess investment opportunities and various options regarding operations that the Company may undertake in the future. The financial statements do not include any adjustments relating to the recoverability of recorded assets or the amounts of liabilities that may be necessary should the Company be unable to continue as a going concern.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar

Partner

CPA Reg. No. 0090230

TIN 120-319-128

PTR No. 0267684, January 02, 2007, Makati City

SEC Accreditation No. 0396-A

BIR AN 08-002511-20-2006 (Sept. 8, 2006 to 2009)

January 19, 2007

## REPORT OF INDEPENDENT AUDITORS

**The Board of Directors and Stockholders  
Zeus Holdings, Inc.**

We have audited the accompanying financial statements of Zeus Holdings, Inc., which comprise the balance sheets as at December 31, 2006 and 2005, and the income statements, statements of changes in capital deficiency and cash flow statements for the three years ended December 31, 2006, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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SEC Accreditation No. 0002-FR-1

Offices in Cebu, Davao, Cavite

**Member of Grant Thornton International**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zeus Holdings, Inc. as of December 31, 2006 and 2005, and its financial performance and its cash flows for the three years ended December 31, 2006, in accordance with Philippine Financial Reporting Standards.

*Emphasis of Matter*

We draw attention to Note 1 to the financial statements which indicates that the Company incurred net losses of P498,490, P554,657 and P421,293 for the years ended December 31, 2006, 2005 and 2004 respectively, and, as of those dates, its capital deficiency amounted to P1,282,977, P784,487 and P1,745,565, respectively. For the current year and the last few years, the Company has not been engaged in any investing and operating activity. Its capital deficiency resulting from losses incurred in prior years and the absence of any investing and operating activity raised substantial doubts about its ability to continue as going concern. The Company's management, however, continues to assess investment opportunities and various options regarding operations that the Company may undertake in the future. The financial statements do not include any adjustments relating to the recoverability of recorded assets or the amounts of liabilities that may be necessary should the Company be unable to continue as a going concern.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar

Partner

CPA Reg. No. 0090230

TIN 120-319-128

PIR No. 0267684, January 02, 2007, Makati City

SEC Accreditation No. 0396-A

BIR AN 08-002511-20-2006 (Sept. 8, 2006 to 2009)

January 19, 2007

REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE BASIC  
FINANCIAL STATEMENTS

The Board of Directors and Stockholders  
Zeus Holdings, Inc.

20<sup>th</sup> Floor, LKG Tower  
6801 Ayala Avenue  
Makati City

We have audited the financial statements of Zeus Holdings, Inc. (the "Company") for the year ended December 31, 2006 on which we have rendered our report dated January 19, 2007. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules (see table of contents) of the Company as at December 31, 2006 and for the year then ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in 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.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar

Partner

CPA Reg. No. 0090230

TIN 120-319-128

PIR No. 0267684, January 02, 2007, Makati City

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BIR AN 08-002511-20-2006 (Sept. 8, 2006 to 2009)

January 19, 2007

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BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-FR-1

Offices in Cebu, Davao, Cavite

Member of Grant Thornton International

ZEUS HOLDINGS, INC.  
BALANCE SHEETS  
DECEMBER 31, 2006 AND 2005  
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
<b><u>A S S E T S</u></b>			
<b>CURRENT ASSETS</b>			
Cash		P 41,871	P 52,430
Input value-added tax		<u>126,239</u>	<u>88,252</u>
<b>TOTAL ASSETS</b>		<u>P 168,110</u>	<u>P 140,682</u>
<b><u>LIABILITIES AND CAPITAL DEFICIENCY</u></b>			
<b>CURRENT LIABILITIES</b>			
Accrued expenses and other payables	3	P 688,510	P 691,218
Due to related parties	4	<u>762,577</u>	<u>233,951</u>
Total Current Liabilities		<u>1,451,087</u>	<u>925,169</u>
<b>CAPITAL DEFICIENCY</b>			
Capital stock		2,733,463,907	2,733,463,907
Additional paid-in capital	4	33,393,941	33,393,941
Deficit		( <u>2,768,140,825</u> )	( <u>2,767,642,335</u> )
Total Capital Deficiency		( <u>1,282,977</u> )	( <u>784,487</u> )
<b>TOTAL LIABILITIES AND CAPITAL DEFICIENCY</b>		<u>P 168,110</u>	<u>P 140,682</u>

*See Notes to Financial Statements.*



ZEUS HOLDINGS, INC.  
INCOME STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004  
(Amounts in Philippine Pesos)

	Notes	2006	2005	2004
<b>OPERATING EXPENSES</b>				
Taxes and licenses		P 212,705	P 207,175	P 117,150
Professional fees		164,000	189,000	193,444
Photocopying and reproduction		65,696	99,132	52,409
Contracted services		25,994	15,264	16,634
Advertising and promotions		11,340	11,340	10,800
Other operating expenses		<u>18,755</u>	<u>32,746</u>	<u>30,856</u>
<b>NET LOSS</b>	1	<u>P 498,490</u>	<u>P 554,657</u>	<u>P 421,293</u>
<b>Loss Per Share</b>	6	<u>P 0.00018</u>	<u>P 0.00020</u>	<u>P 0.00015</u>

*See Notes to Financial Statements.*

ZEUS HOLDINGS, INC.  
STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY  
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004  
(Amounts in Philippine Pesos)

	<u>Note</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>CAPITAL STOCK - P1 par value</b>				
Authorized - 3,000,000,000				
Issued and outstanding - 2,733,463,907		P 2,733,463,907	P 2,733,463,907	P 2,733,463,907
<b>ADDITIONAL PAID-IN CAPITAL</b>				
Balance at beginning of year		33,393,941	31,878,206	31,878,206
Advances converted to additional paid-in capital	4	-	1,515,735	-
Balance at end of year		33,393,941	33,393,941	31,878,206
<b>DEFICIT</b>				
Balance at beginning of year		( 2,767,642,335 )	( 2,767,087,678 )	( 2,766,666,385 )
Net loss		( 498,490 )	( 554,657 )	( 421,293 )
Balance at end of year		( 2,768,140,825 )	( 2,767,642,335 )	( 2,767,087,678 )
<b>CAPITAL DEFICIENCY</b>		P 1,282,977	P 784,487	P 1,745,565

*See Notes to Financial Statements.*

ZEUS HOLDINGS, INC.  
CASH FLOW STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004  
(Amounts in Philippine Pesos)

	2006	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss representing operating loss			
before working capital changes	( P 498,490 )	( P 554,657 )	( P 421,293 )
Increase in input-value added tax	( 37,987 )	( 30,148 )	( 26,536 )
Increase (decrease) in accrued expenses and other payables	( 2,708 )	30,012	696
Net Cash Used in Operating Activities	( 539,185 )	( 554,793 )	( 448,525 )
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Increase in due to related parties	528,626	533,677	452,599
<b>NET INCREASE (DECREASE) IN CASH</b>	( 10,559 )	( 21,116 )	4,074
<b>CASH AT BEGINNING OF YEAR</b>	52,430	73,546	69,472
<b>CASH AT END OF YEAR</b>	P 41,871	P 52,430	P 73,546

**Supplemental Information on Noncash Investing Activity**

On September 20, 2005, the Board of Directors of the Company's various shareholders approved the conversion of a portion of their advances to the Company into equity. Total advances converted into equity amounted to P1,515,735. The Company recorded the conversion as part of additional paid-in capital (see Note 4).

*See Notes to Financial Statements.*

ZEUS HOLDINGS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006, 2005 AND 2004  
*(Amounts in Philippine Pesos)*

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

*1.1 Corporate Information*

Zeus Holdings, Inc. (the Company) was incorporated in the Philippines to engage in the purchase and sale of investments. The Company is 98.53% owned by ZIH Holdings, Inc. (ZIH), formerly PICOP Holdings, Inc., a company incorporated and domiciled in the Philippines. The shares of the Company are traded at the Philippine Stock Exchange.

The registered office of the Company, which is also its principal place of business, is located at the 20th Floor, LKG Tower, 6801 Ayala Avenue, Makati City.

The finance and administrative affairs of the Company are being handled by a related party.

The financial statements of the Company for the year ended December 31, 2006 (including the comparatives for the years ended December 31, 2005 and 2004) were authorized for issue by the Company's Board of Directors on January 19, 2007.

*1.2 Status of Operations*

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization and satisfaction of liabilities in the normal course of business.

The Company incurred net losses of P498,490, P554,657 and P421,293 for the years ended December 31, 2006, 2005 and 2004, respectively, and, as of those dates, its total current liabilities exceeded its total assets by P1,282,977, P784,487 and P1,745,565, respectively. For the current year and the last few years, the Company has not been engaged in any investing and operating activity.

The Company's capital deficiency resulting from losses incurred in prior years and the absence of any investing and operating activity raised substantial doubts about its ability to continue as a going concern. The Company's management, however, continues to assess investment opportunities and various options regarding operations that the Company may undertake in the future. The financial statements do not include any adjustments relating to the recoverability of recorded assets or the amounts of liabilities that may be necessary should the Company be unable to continue as a going concern.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all years presented, unless otherwise stated.

### *2.1 Basis of Preparation*

#### *(a) Statement of Compliance with Philippine Financial Reporting Standards (PFRS)*

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB). PFRSs consist of:

- (i) PFRSs – corresponding to International Financial Reporting Standards (IFRSs);
- (ii) Philippine Accounting Standards (PASs) – corresponding to International Accounting Standards (IASs); and,
- (iii) Interpretations to existing standards – represents interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), of the IASB which are adopted by FRSC.

The financial statements have been prepared on the historical cost basis. The measurement bases are more fully described in the accounting policies that follow.

#### *(b) Transition to PFRS in 2005*

In compliance with the pronouncements of the FRSC and the regulations of the Securities and Exchange Commission (SEC), the Company has adopted all the relevant PFRSs for the first time in its financial statements for the year ended December 31, 2005, with January 1, 2004 as its transition date.

The transition from the previous generally accepted accounting principles in the Philippines to PFRSs has been made in accordance with PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*.

The Company's transition to PFRS in 2005 did not result in any adjustments, except for the modifications in its previous balance sheet and income statement structure.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's functional currency, and all values represent absolute amounts except when otherwise indicated.

*2.2 Impact of New Standards, and Amendments and Interpretations to Existing Standards that are Relevant to the Company*

(a) *Effective in 2006*

In 2006, the Company adopted amendments and interpretations to existing accounting standards issued by the IASB and adopted by the FRSC which are mandatory for accounting periods beginning on or after January 1, 2006. Among the amendment which is applicable to the Company is PAS 39 (Amendment), *The Fair Value Option*. This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The adoption of this amendment did not result in a material reclassification of financial instruments because their current designation conforms with the amendments to PAS 39.

(b) *Effective Subsequent to 2006*

There are a few new standards, and amendments and interpretations to existing standards that are effective for period subsequent to 2006. The following are relevant to the Company but it opted not to adopt them early:

PAS 1 (Amendment)	:	Presentation of Financial Statements
PFRS 7	:	Financial Instruments: Disclosures

PFRS 7, *Financial Instruments: Disclosures*, requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces PAS 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*, and disclosure requirements in PAS 32, *Financial Instruments: Disclosure and Presentation*. It is applicable to all entities that report under PFRS. The amendment to PAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Company has assessed the impact of PFRS 7 and the amendment to PAS 1, and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of PAS 1.

The Company will apply PFRS 7 and the amendment to PAS 1 for annual periods beginning January 1, 2007 in accordance with this transitional provision.

### *2.3 Financial Instruments*

Financial assets and financial liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial instruments are set out below.

#### *Financial assets*

The Company's financial assets consist of cash in bank, which are denominated in Philippine pesos and measured at fair value.

#### *Financial liabilities*

The Company's financial liabilities include accrued expenses, other payables and due to related parties. Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument and are initially measured at fair value, and are subsequently measured at amortized cost less settlement payment, using the effective interest rate method. Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through discharge, cancellation and expiration.

### *2.4 Capital Deficiency*

Capital stock is determined using the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Deficit includes all current and prior period results as disclosed in the income statement.

### *2.5 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.

### 3. ACCRUED EXPENSES AND OTHER PAYABLES

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

	<u>2006</u>	<u>2005</u>
Accrued expenses	P 127,255	P 127,660
Others	<u>561,255</u>	<u>563,558</u>
	<u>P 688,510</u>	<u>P 691,218</u>

The fair values of Accrued Expenses and Other Payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognized in the balance sheets to be a reasonable approximation of their fair values.

### 4. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, ZHI, and other related parties.

The breakdown of the Due to Related Parties account as of December 31 is as follows:

	<u>2006</u>	<u>2005</u>
Due to ZHI	P 680,000	P 170,000
Due to Prime Orion Philippines, Inc.	<u>82,577</u>	<u>63,951</u>
	<u>P 762,577</u>	<u>P 233,951</u>

The Company receives noninterest-bearing advances from ZHI. Net advances received from ZHI amounted to P510,000 and P627,150 in 2006 and 2005, respectively.

On the other hand, the Company is charged by Prime Orion Philippines Inc., for the Company's share in utilities expenses commonly incurred in the office. Total utilities charged to the Company in 2006 and 2005, amounted to P18,626 and P18,677, respectively.

On September 20, 2005, the Board of Directors of the Company's various shareholders approved the conversion of their advances to the Company into equity. Total advances converted amounted to P1,515,735. The Company recorded the conversion as part of additional paid-in capital.

The advances are due and demandable and the carrying amounts are a reasonable approximation of their fair values.



## 5. NET OPERATING LOSS CARRYOVER (NOLCO)

The Company has been incurring taxable losses during the year and in previous years. Accordingly, the Company has accumulated NOLCO which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred.

The details of the Company's NOLCO as of December 31, 2006 and their respective availment periods are presented below:

Year	Original Balance	Applied in Current Year	Expired Balance	Remaining Balance	Valid Until
2006	P 498,300	P -	P -	P 498,300	2009
2005	542,135	-	-	542,135	2008
2004	408,001	-	-	408,001	2007
2003	<u>392,203</u>	<u>-</u>	<u>392,203</u>	<u>-</u>	2006
	P <u>1,840,639</u>	P <u>-</u>	P <u>392,203</u>	P <u>1,448,436</u>	

The Company's management has assessed that it may not have enough future taxable income to enable it to utilize the benefits of the NOLCO within the prescribed periods. Hence, the related deferred tax assets have not been recognized.

## 6. LOSS PER SHARE

The basic loss per share is computed as follows:

	2006	2005	2004
Net loss	P 498,490	P 554,657	P 421,293
Divided by the weighted average number of outstanding shares	<u>2,733,463,907</u>	<u>2,733,463,907</u>	<u>2,733,463,907</u>
Loss per share	<u>P 0.00018</u>	<u>P 0.00020</u>	<u>P 0.00015</u>

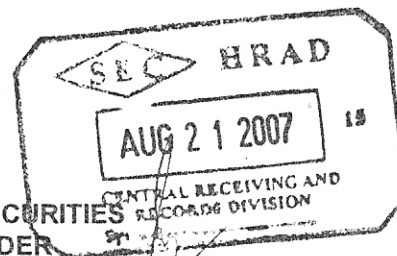
## 7. CONTINGENCY

As of December 31, 2006, there are pending claims and legal actions by third parties against or involving the Company, which are being contested by the Company and its legal counsel. No provisions for contingency were recognized in the accompanying financial statements since the ultimate outcome of these claims cannot presently be determined. In addition, the Company's management believes that their impact in the financial statements, taken as a whole, will not be material.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER



1. For the quarterly period ended **30 June 2007**
2. Commission identification number **102415** 3. BIR Tax Identification No **000-056-514**

**ZEUS HOLDINGS, INC.**

4. Exact name of issuer as specified in its charter

**Metro Manila, Philippines**

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: **[REDACTED]** (SEC Use Only)

**20/F, LKG Tower, 6801 Ayala Avenue, Makati City**

7. Address of issuer's principal office Postal Code

**(632) 884-1106**

8. Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

(As of 30 June 2007)

**Title of each Class**

**Number of shares of common  
stock outstanding and amount  
of debt outstanding**

Common	2,733,463,907
Outstanding Loans	nil

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

Yes [ X ] No [ ]

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

**Philippine Stock Exchange**

**Common**

12. Indicate by check mark whether the registrant:

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

Yes [ X ] No [ ]

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

Yes [X] No [ ]

## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements.

(Please see attached unaudited financial statements)

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

Cash increased by 96% from P41,871 to P82,055 due to advances from ZHI Holdings, Inc. ("ZHIHI") thereby increasing Due to Related Party by 66%, to pay Company's operating expenses and listing fees. Increase in total assets, from P168,110 as of December 31, 2006 to P245,672 as of the period, is attributable to the increase in cash and input value added tax due to payment of listing and audit fee. Accrued expenses and other payables decreased by 18% due to payment of accrued audit fee.

On year-to-date basis, operating expenses increased by 10% compared to the same period last year mainly due to honorarium paid to the audit committee; however, operating expenses for the quarter decreased by 8% due to the reduction in photocopying/reproduction and other operating expenses.

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

Ratios	Formula	30-June-07	30-June-06	31-Dec-06
Current Ratio	Current assets / Current liabilities	0.13:1 245,672 / 1,824,231	0.13:1 161,764 / 1,216,079	0.12:1 168,110 / 1,451,085
Debt to Equity Ratio	Total liabilities / Stockholders' equity	(1.16):1 1,824,231/(1,578,559)	(1.15):1 1,216,079/(1,054,315)	(1.13):1 1,451,085/(1,282,976)
Equity to Debt Ratio	Stockholders' equity / Total liabilities	(0.87):1 (1,578,559)/1,824,231	(0.87):1 (1,054,315)/1,216,079	(0.88):1 (1,282,976)/1,451,085
Book value per share	Stockholders' equity / Total # of shares	-0.00058 (1,578,559)/2,733,463,907	-0.00039 (1,054,315)/2,733,463,907	-0.00047 (1,282,976)/2,733,463,907
Loss per Share	Net loss / Total # of shares	-0.00011 (295,583)/2,733,463,907	-0.00010 (269,829)/2,733,463,907	-0.00018 (498,490)/2,733,463,907

### (B) Interim Periods

**Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:**

- (i) Any known trends, demands, commitments, events or uncertainties that will have a material impact on issuer's liability.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

- (ii) *Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation*

Accrued expenses and Other Payables (please refer to Notes 3 of the Company's Financial Statements) for the detailed information of this liabilities.

- (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.

#### SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

#### ZEUS HOLDINGS, INC.

Issuer

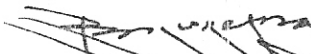
By:



DAISY L. PARKER

Corporate Secretary

Date: 17 August 2007



RONALD P. SUGAPONG

Treasurer/ Group Financial Controller

Date: 17 August 2007

**ZEUS HOLDINGS, INC.**  
**BALANCE SHEETS**  
**JUNE 30, 2007 AND DECEMBER 31, 2006**

	<u>UNAUDITED</u> <u>JUNE 2007</u>	AUDITED <u>DECEMBER 2006</u>
<b><u>A S S E T S</u></b>		
<b>CURRENT ASSETS</b>		
Cash (Note 2)	P 82,055	P 41,871
Input value added tax	<u>163,617</u>	<u>126,240</u>
<b>TOTAL ASSETS</b>	<u><u>P 245,672</u></u>	<u><u>P 168,110</u></u>
 <b><u>LIABILITIES AND CAPITAL DEFICIENCY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accrued expenses and other payables (Note 4)	P 561,684	P 688,508
Due to related parties (Note 3)	<u>1,262,547</u>	<u>762,577</u>
Total Current Liabilities	<u>1,824,231</u>	<u>1,451,085</u>
<b>CAPITAL DEFICIENCY</b>		
Capital stock	2,733,463,907	2,733,463,907
Additional paid-in capital	33,393,941	33,393,941
Deficit	<u>(2,768,436,407)</u>	<u>(2,768,140,824)</u>
Total Capital Deficiency	<u>(1,578,559)</u>	<u>(1,282,976)</u>
<b>TOTAL LIABILITIES AND CAPITAL DEFICIENCY</b>	<u><u>P 245,672</u></u>	<u><u>P 168,110</u></u>

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF INCOME**  
**FOR THE PERIOD ENDED JUNE 30, 2007 AND 2006**

	Three Months Period Ended		Six Months Period Ended	
	June 2007	June 2006	June 2007	June 2006
<b>OPERATING EXPENSES</b>				
Taxes and licenses	P -	P 580	P213,600	P212,705
Professional fees	21,000	21,000	42,000	42,000
Photocopying and reproduction	4,900	6,313	8,149	10,027
Transportation and travel	949	645	1,336	696
Other operating expenses	1,967	2,776	30,498	4,402
	<u>28,815</u>	<u>31,313</u>	<u>295,583</u>	<u>269,829</u>
<b>NET LOSS</b>	<u><b>P28,815</b></u>	<u><b>P31,313</b></u>	<u><b>P295,583</b></u>	<u><b>P269,829</b></u>
<b>Loss Per Share</b>	<b>0.00001</b>	<b>0.00001</b>	<b>0.00011</b>	<b>0.00010</b>

Loss per share is determined by dividing net loss by 2,733,463,907 shares issued and outstanding.

**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY**  
**FOR THE PERIOD ENDED JUNE 30, 2007 AND 2006**

	<u>June 2007</u>	<u>June 2006</u>
<b>CAPITAL STOCK</b>		
Balance, beginning of year	₱2,733,463,907	₱ 2,733,463,907
Issuance of shares	-	-
Balance, end of the period	<u>2,733,463,907</u>	<u>2,733,463,907</u>
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance, beginning of year	33,393,941	33,393,941
Advances converted to additional paid-in capital	-	-
Balance, end of the period	<u>33,393,941</u>	<u>33,393,941</u>
<b>DEFICIT</b>		
Balance, beginning of year	2,768,140,824	2,767,642,334
Net loss	<u>295,583</u>	<u>269,829</u>
Balance, end of the period	<u>2,768,436,407</u>	<u>2,767,912,163</u>
<b>TOTAL CAPITAL DEFICIENCY</b>	<u><u>₱1,578,559</u></u>	<u><u>₱1,054,315</u></u>



**ZEUS HOLDINGS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30, 2007 AND 2006**

	<u><b>JUNE 2007</b></u>	<u><b>JUNE 2006</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(P295,583)	(P269,829)
Working capital changes		
Increase in input value added tax	(37,378)	(29,975)
Decrease in accrued expenses and other payables	(126,825)	(104,550)
	<hr/>	<hr/>
Net Cash Used in Operating Activities	(459,786)	(404,354)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from related parties	499,971	395,460
	<hr/>	<hr/>
Net Cash From Financing Activities	499,971	395,460
<b>NET INCREASE (DECREASE) IN CASH</b>	40,185	(8,894)
<b>CASH AT BEGINNING OF THE PERIOD</b>	41,871	52,430
	<hr/>	<hr/>
<b>CASH AT END OF THE PERIOD</b>	<u><u>P82,055</u></u>	<u><u>P43,536</u></u>

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies have been consistently applied to all periods presented, unless otherwise stated.

***1.1 Basis of Preparation of Financial Statements***

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Philippine pesos, the Company's functional currency, and all values represent absolute amounts except when otherwise indicated.

***1.2 Financial Instruments***

Financial assets and financial liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial instruments are set out below.

***Financial assets***

The Company's financial assets consist of cash in bank, which are denominated in Philippine pesos and measured at fair value.

***Financial liabilities***

The Company's financial liabilities include accrued expenses, other payable and due to related parties. Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument and are initially measured at fair value, and are subsequently measured at amortized cost less settlement payment, using the effective interest rate method. Financial liabilities are derecognized from the balance sheet only when the obligation are extinguished either through discharge, cancellation and expiration.

***1.3 Capital Deficiency***

Capital stock is determined using nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Deficit includes all current and prior period results as disclosed in the income statements.

***1.4 Loss per Share***

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

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

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Deficit includes all current and prior period results as disclosed in the income statements.

***1.4 Loss per Share***

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

**2. CASH**

Cash includes peso currency deposit in bank which is unrestricted and readily available for use in the current operations.

**3. RELATED PARTY TRANSACTIONS**

Due to related parties consist of the following:

	<u>June 2007</u>	<u>December 2006</u>
Due to ZHI Holdings, Inc. (formerly Picop Holdings, Inc.)	<u>P1,175,600</u>	<u>P680,000</u>
Due to Prime Orion Philippines, Inc.	<u>86,947</u>	<u>82,577</u>
	<u><u>1,262,547</u></u>	<u><u>762,577</u></u>

**4. ACCRUED EXPENSES AND OTHER PAYABLES**

The composition of this account is as follows:

	<u>June 2007</u>	<u>December 2006</u>
Accrued expenses	-	127,255
Others	<u>561,684</u>	<u>561,255</u>
	<u><u>561,684</u></u>	<u><u>688,510</u></u>

The carrying amounts recognized in the balance sheet are considered as a reasonable approximation of their fair values.

**5. CONTINGENCY**

The Philippines continues to experience economic difficulties relating to currency fluctuations, volatile stock markets and slowdown in growth. Management believes that losses, if any, from these events and conditions will not have material effects on the Company's financial statements.