# COVER SHEET

1 0 2 4 1 5

SEC Registration Number

ZEUS HOLDINGS, INC.

(Company's Full Name)

20/F LKG TOWER 6801 AYALA AVENUE

MAKATI CITY

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

ATTY. DAISY L. PARKER

(Contact Person)

884-1106

(Company Telephone Number)

**SEC FORM (Definitive)**

1 2 3 1

*Month* *Day*

(Calendar Year)

2 0 - I S

(Form Type)

*Month* *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

# ZEUS HOLDINGS, INC.

*20/F, LKG Tower, 6801 Ayala Avenue, Makati City*
*Tel. No. (632) 884-1106 / Telefax (632) 884-1409*

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

**TO ALL DIRECTORS:**

**NOTICE IS HEREBY GIVEN** that the Annual Meeting of the Stockholders of **ZEUS HOLDINGS, INC.** will be held on **7 November 2013 (Thursday)** at **2:00 p.m.** at the **Penthouse, Lepanto Building, 8747 Paseo de Roxas, Makati City**. The agenda of the meeting will be as follows:

1. Call to Order
2. Proof of Notice/Determination of Quorum
3. Approval of Minutes of Previous Meeting dated 20 November 2012
4. Chairman's Report
5. Approval of 2012 Audited Financial Statements
6. Ratification of Acts of the Board of Directors and Officers from 20 November 2012 up to the Date of the Stockholders' Meeting
7. Nomination and Election of Directors
8. Appointment of External Auditors
9. Other Matters
10. Adjournment

For purposes of the meeting, stockholders of record at the close of business on 19 September 2013 shall be entitled to vote thereat.

Stockholders who cannot attend the meeting in person are requested to submit their proxies to the office of the Corporation. If the stockholder is a corporation, a Secretary's Certificate quoting the board resolution authorizing the corporate officer to execute the proxy should also be submitted.

Makati City, 27 September 2013.

By Resolution of the Board of Directors:

**DAISY L. PARKER**
Corporate Secretary

Att: SEC Form 20-IS (Information Statement)
Management Report
Audited Financial Statements for the period ended 31 December 2012
SEC Form 17-Q (Quarterly Report for the period ended 30 June 2013)

**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
   [**x**] 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 — Postal Code
   **20/F, LKG Tower, 6801 Ayala Avenue, Makati City** — **1226**

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

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

   Date : **Thursday, 7 November 2013**
   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 14 October 2013**

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 |
|---|---|
| **Common** | **2,737,044,807** |
| **Loans** | **Nil** |

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

    Yes _X_ No __

    As stated in Zeus Holdings, Inc.'s ("Zeus" or the "Company") Current Report (Amended SEC Form 17-C) dated 8 July 2013, which was submitted to the Securities and Exchange Commission ("SEC") and the Philippine Stock Exchange ("PSE"), the Board approved the conversion of the outstanding Deposits for Future Subscription ("DFS") of ZHI Holdings, Inc. ("ZHIHI") (P1,175,600) and F. Yap Securities, Inc.-In Trust for Various Clients ("FYSI-ITVC") (P2,505,300) in the total amount of Php3,580,900, into Common Shares of Stock of ZHI at P1.00/share. On 6 August 2013, the SEC issued a Certificate of Approval of the Valuation of the DFS. On 5 September 2013, common shares of stock of Zeus issued to ZHI Holdings, Inc. (1,175,600) and FYSI-ITVC (2,405,300) were registered in the books of the Company by its stock transfer agent. Zeus intends to apply for the listing of the said shares with the PSE and is currently preparing the documents required for the application.

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

**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 will be held on Thursday, 7 November 2013 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 20th Floor, LKG Tower, 6801 Ayala Avenue, Makati City 1226.

Definitive copies of this Information Statement will be sent to all stockholders entitled to notice and vote approximately on or before 14 October 2013.

### 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. 2012 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 Company (direct or indirect) in the matters to be acted upon during the annual stockholders' meeting.

Neither has any of the directors informed the Company in writing that he or she intends to oppose any action to be taken by the Company 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*

| Class | No. of Shares Outstanding | No. of Votes to Which Entitled |
|---|---|---|
| Common | 2,737,044,807 | 2,737,044,807 |
| Shares Owned by Foreigners | 10,618,902 | 10,618,902 |
| Shares Owned by Filipinos | 2,726,425,905 | 2,726,425,905 |

(As of 30 September 2013)

The record date for those who shall be entitled to vote has been fixed at 19 September 2013.

*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 case 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 2013*

| *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 | PCD Nominee Corporation | PCD Participants (Brokers) / | Filipino | 1,280,619,030 | 46.79% |

| | | | | | |
|---|---|---|---|---|---|
| | (Filipino)* / G/F Makati Stock Exchange, Ayala Ave., Makati City / Stockholder | Various Individuals and Corporations / Clients | | | |
| Common | Zamcore Realty and Development Corporation**/ 5/F Lepanto Bldg., 8747 Paseo De Roxas, Makati City / Stockholder | Zamcore Realty and Development Corporation | Filipino | 729,377,728 | 26.65% |
| Common | F. Yap Securities, Inc.*** / 17/F Lepanto Building, 8747 Paseo de Roxas, Makati City / Broker | Horizon Resources Corporation / Client | Filipino | 410,019,586 | 14.98% |
| Common | F. Yap Securities, Inc.**** / 17/F Lepanto Building, 8747 Paseo de Roxas, Makati City / Broker | Lindsay Resources Corporation / Client | Filipino | 410,019,586 | 14.98% |

* PCD Nominee Corporation, a private company and wholly-owned subsidiary of the Philippine Central Depository, Inc. (PCDI), is the registered owner of the Zeus shares. However, beneficial ownership of such shares pertains to the PCD participants (brokers) and/or their clients (corporations or individuals), in whose names these shares are recorded in their respective books. Per PCD List of Beneficial Owners dated 19 September 2013, there is no specific nominee to vote these shares, as the shares are held by different brokers. Brokers issue the proxy in accordance with the instructions of their principals-clients/beneficial owners of the shares. The Company has no knowledge as to whether a single individual or entity holds beneficial ownership of at least 5% or more of Zeus shares registered in the name of PCD Nominee Corporation.
**Zamcore Realty and Development Corporation ("ZRDC") 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. The Board of ZRDC shall designate its authorized representatives to vote these shares in accordance with the Board's resolutions/instructions.
***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.

*Security Ownership of Management (as of 30 September 2013)*

| Title of Class | Name of beneficial owner | Amount and nature of beneficial ownership | Citizenship | Percent of class |
|---|---|---|---|---|
| Common | Felipe U. Yap | 1*(d) | Filipino | 0% |
| | Yuen Po Seng | 1*(d) | Malaysian | 0% |
| | Jose G. Cervantes | 1*(d) | Filipino | 0% |
| | Augusto C. Villaluna | 1*(d) | Filipino | 0% |
| | Stephen Y. Yap | 1*(d) | Filipino | 0% |
| | Ronald P. Sugapong | 1*(d) | Filipino | 0% |

| | | | |
|---|---|---|---|
| Daisy L. Parker | 1*(d) | Filipino | 0% |
| Jesus Clint O. Aranas | 1 (d) | Filipino | 0% |
| Lynneth T. Lundang | 1 (d) | Filipino | 0% |
| | Total 9 | | |

*Registered in their names but held in trust for FYSI.

*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*

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

**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*

All of 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, who were elected as such for a period of one (1) year at the previous annual stockholders' meeting held on 20 November 2012, and who 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 within the last five (5) years. For companies listed in the PSE, the years during which the Company's directors served as officer/director therein are likewise indicated.

a. FELIPE U. YAP (76), Filipino – Director/Chairman (4 November 1998 to present)

- *Chairman and Chief Executive Officer of* Lepanto Consolidated Mining Company* (1988 to present), Lepanto Investment & Development Corporation, Diamant Boart Philippines, Inc., Diamond Drilling Corporation of the Philippines, Far Southeast Gold Resources, Inc., Manila Mining Corporation* (1998 to present), and Shipside, Inc.
- *Director*/*Chairman of* Prime Orion Philippines, Inc.* (2000 to present), FLT Prime Insurance Corporation, Orion Land Inc., Tutuban Properties, Inc., Orion I Holdings Philippines, Inc., Yapster e-Conglomerate, and Kalayaan Copper-Gold Resources, Inc.
- *Director of* Manila Peninsula Hotel, Inc., Philippine Associated Smelting & Refining Corporation, Orion Property Development, Inc., and Lepanto Condominium Corporation

b. YUEN PO SENG (54), Malaysian – Director/President (4 November 1998 to present)

- *President/Director of* Prime Orion Philippines, Inc.* (2002 to present), Lepanto Ceramics, Inc., Orion I Holdings Philippines, Inc., FLT Prime Insurance Corporation, Guoco Assets (Philippines), Inc., and Hong Way Holdings, Inc.
- Director/*Chairman/President of* ZHI Holdings, Inc., Orion Solutions, Inc., and OYL Holdings, Inc.
- *Director of* Cyber Bay Corporation* (2002 to present), Central Bay Reclamation and Development Corporation, Orion Land Inc., Tutuban Properties, Inc., Orion Property Development, Inc., TPI Holdings Corporation, BIB Aurora Insurance Brokers, Inc., OE Holdings, Inc., Orion Maxis Inc., Orion Beverage, Inc., Hume Furniture (Philippines), Inc., Genez Investments Corporation, and Treasure-House Holdings Corporation,

c. JOSE G. CERVANTES (79), Filipino – Director (28 November 2007 to present)

- *Director of* Manila Mining Corporation* (2006 to present) and Lepanto Consolidated Mining Company* (2006 to present)

d. AUGUSTO C. VILLALUNA (64, Filipino – Director/Vice-President (28 November 2007 to present)

- *Senior Vice-President/Director of* Manila Mining Corporation* (2004 to present)
- *Vice-President/Director of* Far Southeast Gold Resources, Inc.
- *Director of* Philippine Mine Safety and Environment Association, Philippine Association of Professional Regulatory Board Members, Inc., and Lindsay Resources Corporation
- *Executive Vice-President of* Lepanto Consolidated Mining Company* (April 2011 to present)

e. STEPHEN Y. YAP (45), Filipino – Director (28 November 2007 to present)

- *President of* Starman Sales, Inc.
- *Vice-President for Special Projects of* Tutuban Properties, Inc.
- *Director of* Manila Mining Corporation* (April 2013 to present)

f. RONALD P. SUGAPONG (46), Filipino– Director/Treasurer (14 March 2001 to present)

- *Director* (2007 to present)*/Senior Vice-President* (2009 to present)*/Chief Finance Officer* (2009 to present)*/Treasurer* (2007 to present) *of* Prime Orion Philippines, Inc.*
- *Director/Treasurer of* Orion Land Inc., Tutuban Properties, Inc., Orion Property Development, Inc., Orion I Holdings Philippines, Inc., TPI Holdings Corporation, ZHI Holdings, Inc., Orion Beverage, Inc., Orion Maxis Inc., Orion Solutions, Inc., 22Ban Marketing, Inc., OE Holdings, Inc., OYL Holdings, Inc., Guoco Assets (Philippines), Inc., and Hong Way Holdings, Inc.
- *Treasurer of* FLT Prime Insurance Corporation

g. DAISY L. PARKER (49), Filipino – Director/Corporate Secretary (14 March 2001 to present)

- *Director* (2000 to present)*/Senior Vice-President for Legal* (2009 to present)*/Chief Legal Officer* (2009 to present)*/Corporate Secretary* (2000 to present) *of* Prime Orion Philippines, Inc.*
- *Director/Corporate Secretary of* Orion Land Inc., Tutuban Properties, Inc., Orion Property Development, Inc., TPI Holdings Corporation, Orion I Holdings Philippines, Inc., Orion Beverage, Inc., FLT Prime Insurance Corporation, BIB Aurora Insurance Brokers, Inc., Orion Solutions, Inc., ZHI Holdings, Inc., 22Ban Marketing, Inc., OE Holdings, Inc., OYL Holdings, Inc., Maxcellon Inc., Orange Grove Investments Corporation, Pine Grove Investments Corporation, and Philtravel Corporation
- *Director of* Guoco Assets (Philippines), Inc. and Hong Way Holdings, Inc.
- *Corporate Secretary of* Orion Maxis Inc., Genez Investments Corporation, Treasure-House Holdings Corporation and Max Limousine Service Inc.

h. JESUS CLINT O. ARANAS (46), Filipino – Independent Director (12 December 2002 to present)

- *Managing Partner of* Aranas Law Offices
- *Director/President of* Liyam Property, Inc. and Rural Bank of Magallon
- *Director/Corporate Secretary of* Fujifilm Philippines, Inc., Fujifilm Optics Philippines, Inc., Philippines Epson Property Holdings, Inc., GEI Investment Philippines, Inc., iCube, Inc., Firstscene Philippines, Inc., World FC MNL, Inc.
- *Director of* Aeon Credit Technology Systems (Philippines), Inc., Makati (Sports) Club, Inc., Treasure-House Holdings Corporation, Genez Investments Corporation, and Nissin Real Estate, Inc.
- *Corporate Secretary of* Epson Precision (Philippines), Inc., Philippines Epson Optical, Inc., and iMarketing Japan, Inc.

i. LYNNETH T. LUNDANG (36), Filipino – Independent Director (5 February 2013 to present)

- *Associate of* Aranas Law Offices

*Listed in the PSE.

The Company's Nomination Committee was constituted on 27 November 2003. It is presently composed of two regular directors (Messrs. Yap and Yuen) and is chaired by an independent director in the person of Atty. Jesus Clint O. Aranas. Atty. Aranas and/or Aranas 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 has again been nominated by a stockholder of Zeus, OE Holdings, Inc. (OEHI), represented by its authorized representative, Ms. Diana T. Quilala, to serve in the same capacity for the coming year. Atty. Lynneth T. Lundang was elected as independent director on 5 February 2013 by the Board of Directors, replacing Atty. Oliver S. Faustino, who had resigned as director effective 5 February 2013. Like Atty. Aranas, Atty. Lundang has been nominated by OEHI, through Ms. Quilala, to serve in the same capacity for the coming year. Both Atty. Aranas and Atty. Lundang 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 Lundang 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 SEC on 25 November 2005, in compliance with Rule 38 of the Securities and Regulation Code (as amended).

*Significant Employees*

Zeus has no employee who is expected to make any significant contribution to its business.

*Family Relationships*

Except for Messrs. Felipe U. Yap and Stephen Y. Yap, who are related to each other to the third civil degree (Mr. Felipe U. Yap is the uncle of Mr. Stephen Y. Yap), 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. Except for additional paid-in capital and deposits for future subscription made in 2012 and 2011 by F. Yap Securities, Inc.-In Trust for Various Clients as indicated in Note 5.1 (captioned Cash Infusions from Stockholders) in the Notes to Zeus' Audited Financial Statements for the Years Ended 31 December 2012, 2011 and 2010, there has been no transaction during the last two (2) 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; or

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. Based on the corporate records in Zeus' possession, the largest record and beneficial owner of its shares is ZRDC, owning 729,377,728 shares, representing 26.68% 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. Beginning this year, the Partner-in-Charge assigned to handle the Zeus account is Mr. Renan A. Piamonte, replacing Mr. Nelson J. Dinio. Pursuant to Rule 68, paragraph 3(b)(iv), of the Implementing Rules and Regulations of the Securities Regulation Code on the rotation of external auditors or signing partner in case of a firm, Mr. Piamonte's term as Partner-in-Charge of the Zeus account is for five (5) years or until 2017. A two-year cooling off period shall be observed in case of the re-engagement of the same Partner-in-Charge after the lapse of the previous engagement. Representatives of the said firm have been invited and are expected to be present at the Annual Stockholders' Meeting. If they attend, they shall have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions that may arise in the course of the Annual Stockholders' Meeting.

Punongbayan & Araullo was selected by the Company's Audit Committee which is composed of the following:

| | | |
|---|---|---|
| Chairman | - | Atty. Jesus Clint O. Aranas |
| Member | - | Ronald P. Sugapong |
| Member | - | Stephen Y. Yap |

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 2012 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 16 November 2011; (2) Chairman's Report; (3) Approval of Audited Financial Statements; (4) Ratification of Corporate Acts; (5) Nomination and Election of Directors; and (6) Appointment of External Auditors.

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

- Conversion of Deposits for Future Subscription to the Company's Shares of Stock infused in the Year 2011 into Additional Paid-In Capital.
- Report on Operations for the Calendar Year (CY) 2011
- Approval of the audited financial statements for the year ended 31 December 2011
- Postponement of the ASM scheduled in June 2012
- Approval of Corporate Governance Disclosure Survey
- Report on Operations for the First Quarter of CY 2012
- Report on Operations for the Second Quarter of CY 2012
- Setting of the Annual Stockholders' Meeting on 20 November 2012
- Creation of Special Committee of Inspectors for Validation of Proxies
- Confirmation of nomination of Attys. Aranas and Oliver S. Faustino as Independent Directors
- Appointment of the Corporate Secretary and Assistant Corporate Secretary as authorized signatories to the Information Statement (SEC Form 20-IS) for CY 2012
- Approval of F. Yap Securities, Inc.-In Trust for Various Clients' Infusion of Additional Paid-In Capital in the amount of P750,000.
- Report on Operations for the Third Quarter of CY 2012
- Appointment of External Auditors for the CY 2012
- Certification of Election of Directors for CY 2012
- Election of Officers for CY 2012
- 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.
*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 7 October 2013.

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 and Development Corporation ("ZRDC"), 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 ZRDC, holding a 34% equity stake in the Company.

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

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

a) Ten Million (10,000,000) shares from the Company's unissued capital within one (1) year from the issuance of the Mineral Production Sharing Agreement ("MPSA"); and

b) One Hundred Million (100,000,000) shares from the Company's unissued capital within five (5) years from the issuance of the MPSA.

Notwithstanding the foregoing, and as the MPSA has yet to be issued, the Company currently has minimal operations and, thus, has no full-time employees.

On 5 July 2013, its Board of Directors approved the conversion of the outstanding Deposits for Future Subscription ("DFS") of ZHIHI (Php1,175,600) and F. Yap Securities, Inc.-In Trust for Various Clients (FYSI-ITVC) (Php2,405,300), in the total amount of Php3,580,900, into Common Shares of Stock of ZHI at P1.00/share. On 6 August 2013, the SEC issued a Certificate of Approval of the Valuation of the DFS. On 5 September 2013, common shares of stock of Zeus issued to ZHI Holdings, Inc. (1,175,600) and FYSI-ITVC (2,405,300) were registered in the books of the Company by its stock transfer agent. Zeus intends to apply for the listing of the said shares with the Philippine Stock Exchange ("PSE") and is currently preparing the documents required for the application.

**Legal Proceedings**

There is no pending legal proceeding involving the Company at this time.

**Plan of Operation**

Since acquiring majority ownership of the Company in 2007, the current major stockholders have considered engaging in the mining business in order to revitalize its operations and attain profitability.

Consistent with this plan, on 13 July 2009, the Company entered into an Operating Agreement with OISC, which would allow the Company to operate certain mining claims of OISC in Surigao del Sur and to prosecute APSA No. 000115-XI, pending with the MGB. The Company has already made timely and proper disclosures with the SEC and the PSE regarding this transaction with OISC. To date, the MGB has yet to process and resolve OISC's APSA and issue the corresponding Mineral Production Sharing Agreement. As a result, the Company is still legally unable to commence exploration activities on the OISC mining claims.

In addition to the said OISC mining claims, the Company is presently looking at and evaluating certain areas located in the northern and southern regions believed to be rich in mineral deposits. Once agreements are in place for the lease or acquisition of these areas, the Company will make the timely and proper disclosures to the SEC and PSE.

The Company incurred a net loss of P673,747 for the year 2012. However, considering that the Company's loss is minimal, 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.

The Company is not considering any product research and development for the next twelve (12) months, nor is there any expected purchase or sale of plant and significant equipment, or significant changes in the number of employees.

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

*As of 30 June 2013*

As of 30 June 2013, total assets stood at P565,271, which is 46.18% lower from 31 December 2012. The decrease is attributable to a 92.56% reduction in cash, primarily due to payment of audit fee and operating expenses, cushioned by a 10.13% increase in input value-added tax on audit and listing fees.

During the quarter, the Company recorded a net loss of P55,503 compared to last year's P44,380. The increase is attributable to higher other operating expenses. Likewise, for the six month period, the Company posted a net loss of P354,077 compared to last year's P334,227.

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

| Ratios | Formula | 30-June-13 | 30-June-12 | 31-Dec-12 |
|---|---|---|---|---|
| Current Ratio | Current assets/ Current liabilities | 0.14:1<br>565,271 / 4,151,421 | 0.12:1<br>502,377 / 4,144,930 | 0.25:1<br>1,050,319 / 4,282,392 |
| Debt to Equity Ratio | Total liabilities/ Stockholders' equity | -1.16:1<br>4,151,421 / (3,586,150) | -1.14:1<br>4,144,930 / (3,642,553) | -1.32:1<br>4,282,392 / (3,232,073) |
| Capital Adequacy Ratio | Stockholders' equity/ Total assets | -6.34:1<br>(3,586,150) / 565,271 | -7.25:1<br>(3,642,553) / 502,377 | -3.08:1<br>(3,232,073) / 1,050,319 |
| Book value per share | Stockholders' equity/ Total # of shares | -0.00131<br>(3,586,150) / 2,733,463,907 | -0.00133<br>(3,642,553) / 2,733,463,907 | -0.0012<br>(3,232,073) / 2,733,463,907 |
| Loss per Share | Net loss/ Total # of shares | -0.00013<br>(354,077) / 2,733,463,907 | -0.00012<br>(334,227) / 2,733,463,907 | -0.00025<br>(673,747) / 2,733,463,907 |

**Current Ratio** shows the Company's ability to meet its short-term financial obligation. As of 30 June 2013, the Company has P0.14 worth of current assets for every one peso liability as compared to last year's current ratio of P0.25 for every peso of liability. The increase is attributable to settlement of various operating expenses.

**Debt to Equity Ratio** indicates the extent of the Company's debt which is covered by shareholder's fund. It reflects the relative position of the equity holders. As of 30 June 2013, the Company's equity is not sufficient to cover its liabilities. However, the major shareholder is willing to support the Company as the need arises. In addition, on 6 August 2013, the Securities and Exchange Commission issued a Certificate of Approval of Valuation of the Deposits for Future Subscription of two shareholders in the total amount of P3,580,900 as full payment for 3,580,900 shares of stock of the Company, thus substantially reducing the Company's debt.

**Capital Adequacy Ratio** is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 30 June 2013, the Company's Capital Adequacy Ratio decreased to negative P6.34.

**Book Value Per Share** measures the recoverable amount in the event of liquidation if assets are realized at book value. The Company has a book value per share of negative 0.00131 as of 30 June 2013.

**Loss Per Share** is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 30 June 2013, the Company's loss per share remained at negative 0.00013.

***<u>Interim Period</u>***

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

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

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

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

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) *Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.*

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) *Material Commitment for Capital Expenditure*

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

(v) *Others*

There are no known trends, events or uncertainties that have material impact on net sales/revenues/income from continuing operations.

The Company did not recognize income or loss during the quarter that did not arise from continuing operations.

The causes for any material change from period to period, including vertical and horizontal analysis of material items, are included in Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations).

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

*Year 2012*

As of 31 December 2012, total assets stood at P1,050,319 compared to the previous year's P965,426. The increase in cash is mainly due to the cash infusion made by the Company's major shareholder during the year. The increase in other current assets is attributable to input value added tax on listing and audit fees. The increase in liability is due to accrual expenses. Cash infusions by the major shareholder were recorded as "Additional Paid-In Capital" or APIC, resulting in the increase of the APIC by 2%.

During the year, the Company posted a net loss of P673,747, slightly higher from the previous year's P669,286. The increase in the net loss is attributable to the increase in audit fees, which is partially negated by lower annual general meeting expenses.

The Company is aware of the magnitude of the country's untapped metal and mineral deposits, especially in the northern and southern Philippines, and views the same as an excellent opportunity for the Company to attain a high level of productivity and profitability in the next several years.

With this in mind, on 13 July 2009, the Company entered into an Operating Agreement with OISC covering OISC's Mining Claims in the province of Surigao del Sur. The Mining Claims have an approximate total area of 4,656.9 hectares and are the subject of an APSA pending with the MGB, CARAGA Regional Office, Surigao City. The Operating Agreement gives the Company the authority to prosecute the APSA until the same is approved and, after such approval, to explore the Mining Claims. In consideration therefor, the Company shall pay OISC royalties in an amount equivalent to three percent (3%) of the Net Smelter Returns on metal sales and, pursuant to the Agreement to Subscribe to Shares and to Issue Shares with OISC dated 13 July 2009, issue to OISC 10,000,000 shares out of the Company's un-issued capital, and grant OISC the option to subscribe to 110,000,000 shares of the Company as follows:

a) Ten Million (10,000,000) shares from the Company's unissued capital within one (1) year from the issuance of the MPSA; and

b) One Hundred Million (100,000,000) shares from the Company's unissued capital within five (5) years from the issuance of the MPSA.

The above-agreements were unanimously passed and approved by the Company's Board of Directors during a special meeting held on 13 July 2009 and ratified by the Company's stockholders representing 83.27% of the outstanding capital stock during the annual meeting of the stockholders held on 5 November 2009.

The Mining Claims have a very promising potential for the occurrence of both gold-copper and nickel laterite deposits. Surface exploration works so far completed disclosed copper-gold mineralization in the northwestern portion as indicated by pyritic quartz veins in dioritic host rocks that contain chalcopyrite, bornite and copper oxide minerals. The southeastern part of the Mining Claims is underlain by the same ultra basic rocks that form the host rocks of nickel laterite mines. The Company is still awaiting issuance by the MGB of a MPSA over the Mining Claims.

The Company has been engaged in preliminary talks with potential partners, both foreign and local, who have expressed interest in partnering with the Company in the utilization and exploitation not only of the Mining Claims, but also of additional mining sites currently being studied by the Company for acquisition, located in the northern and southern Philippines.

In the past three (3) years, FYSI-In Trust for Various Clients has infused P2.3 million in the form of Deposit for Future Subscription and/or additional paid-in capital to enable the Company to meet its cash requirements, amounting to P300,000 (in 2010), P1,250,000 (in 2011), and P750,000 (in 2012).

In the next twelve months, the major stockholders are expected to continue to provide the cash requirements of the Company.

There are no expected major changes in its operations, including any significant changes in its manpower compliment or the purchase and sale of plant or other major equipment. Except as may be required for the exploration and preliminary studies on the aforesaid mining claims/sites, the Company has no on-going or planned research and development activities for the same period.

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

| Ratios | Formula | 30-Jun-13 | 31-Dec-12 | 31-Dec-11* |
|---|---|---|---|---|
| Current Ratio | Current Assets/Current Liabilities | 0.14:1<br>565,271 / 4,151,421 | 0.25 :1<br>1,050,319 / 4,282,392 | 0.23:1<br>965,426 / 4,273,752 |
| Debt to Equity Ratio | Total Liabilities/Stockholders' Equity | -1.16:1<br>4,151,421 / (3,586,150) | -1.32 :1<br>4,282,392 / -3,232,073 | -1.29:1<br>4,273,752 / -3,308,326 |
| Capital Adequacy Ratio | Stockholders' Equity/Total Assets | -6.34:1<br>(3,586,150) / 565,271 | -3.08 :1<br>-3,232,073 / 1,050,319 | -3.43 :1<br>-3,308,326 / 965,426 |
| Book Value Per Share | Stockholders' Equity/Total # of shares | -0.00131<br>(3,586,150) / 2,733,463,907 | -0.00118<br>-3,232,073 / 2,733,463,907 | -0.00121<br>-3,308,326 / 2,733,463,907 |
| Loss Per Share | Net Loss/Total # of Shares | -0.00013<br>(354,077) / 2,733,463,907 | -0.00025<br>-673,747 / 2,733,463,907 | -0.00024<br>-669,286 / 2,733,463,907 |

* As indicated in Notes 5 and 7 of the Audited Financial Statements of the Company as of 31 December 2012 and 2011, Deposits for Future Subscription appearing in the books of the Corporation are now presented as current liabilities instead of under equity. The comparative ratios for the last three years presented above reflect this change. However, the comparative ratios presented in previous years (*see below*) were not changed. Hence, the figures and ratios for the year 2011 presented therein differ from those shown above.

**Current Ratio** shows the Company's ability to meet its short term financial obligation. As of 30 June 2013, the Company has P0.14 worth of current assets for every one peso liability as compared to last year's current ratio of P0.25 for every peso of liability. The increase is attributable to settlement of various operating expenses.

**Debt to Equity Ratio** indicates the extent of the Company to which debt is covered by shareholder's fund. It reflects the relative position of the equity holders and the lenders. As of 30 June 2013, the Company's equity is not sufficient to cover its liabilities. However, the major shareholder is willing to support the Company as the need arises. In addition, on 6 August 2013, the Securities and Exchange Commission issued a Certificate of Approval of Valuation of the Deposits for Future Subscription of two shareholders in the total amount of P3,580,900 as full payment for 3,580,900 shares of stock of the Company, thus substantially reducing the Company's debt.

**Capital Adequacy Ratio** is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 30 June 2013, the Company's Capital Adequacy Ratio decreased to negative P6.34.

**Book Value per Share** measures the recoverable amount in the event of liquidation if assets are realized at book value. The Company has a book value per share of negative 0.00131 as of 30 June 2013.

**Loss per Share** is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 30 June 2013, the Company's loss per share remained at negative 0.00013.

***Full Fiscal Years***

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

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

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

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

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) *Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.*

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) *Material Commitment for Capital Expenditure*

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

(v) *Others*

There are no known trends, events or uncertainties that have material impact on net sales/revenues/income from continuing operations.

The Company did not recognize income or loss during the quarter that did not arise from continuing operations.

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

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

*Year 2011*

As of 31 December 2011, total assets increased by 133% from the previous year's P413,691 to P965,426. The increase in cash is mainly due to cash infusions by the Company's major shareholder made during the year. The increase in other current assets is attributable to input value added tax on listing and audit fee. The decrease in liability is due to settlement of accrued expenses. Cash infusions by the major shareholder were recorded as "Additional Paid-In Capital" or APIC, resulting in the increase of APIC by 4%.

During the year, the Company posted a net loss of P669,286, slightly higher from last year's P663,023. The increase is attributable to higher annual general meeting expenses.

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

| Ratios | Formula | 31-Dec-11 | 31-Dec-10 | 31-Dec-09 |
|---|---|---|---|---|
| Current Ratio | Current Assets/Current Liabilities | 1.39 :1<br>965,426 / 692,852 | 0.57 :1<br>413,691 / 721,831 | 1.08 :1<br>751,012 / 696,129 |
| Debt to Equity Ratio | Total Liabilities/Stockholders' Equity | 2.54 :1<br>692,852 / 272,574 | -2.34 :1<br>721,831 / -308,140 | 12.68 :1<br>696,129 / 54,883 |
| Capital Adequacy Ratio | Stockholders' Equity/Total Assets | 0.28 :1<br>272,574 / 965,426 | -0.74 :1<br>-308,140 / 413,691 | 0.07 :1<br>54,883 / 751,012 |
| Book Value Per Share | Stockholders' Equity/Total # of shares | 0.00010<br>272,574 / 2,733,463,907 | -0.00011<br>-308,140 / 2,733,463,907 | 0.00002<br>54,883 / 2,733,463,907 |
| Loss Per Share | Net Loss/Total # of Shares | -0.00024<br>-669,286 / 2,733,463,907 | -0.00024<br>-663,023 / 2,733,463,907 | (0.00023)<br>(621,550) / 2,733,463,907 |

**Current Ratio** shows the Company's ability to meet its short term financial obligation. As of 31 December 2011, the Company has P1.39 worth of current assets for every one peso liability as compared to the previous year's current ratio of P0.57 for every peso of liability. The increase is attributable to advances made from shareholders.

**Debt to Equity Ratio** indicates the extent of the Company to which debt is covered by shareholder's fund. It reflects the relative position of the equity holders and the lenders. As of 31 December 2011, the Company's debt to equity is P2.54 compared to the previous year's negative P2.34. The major shareholder is willing to support the Company as the need arises.

**Capital Adequacy Ratio** is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 31 December 2011, the Company's Capital Adequacy Ratio is P0.28 compared to the previous year's negative P0.74.

**Book Value per Share** measures the recoverable amount in the event of liquidation if assets are realized at book value. The Company has a book value per share of 0.00010 as of 31 December 2011.

**Loss per Share** is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 31 December 2011, the Company's loss per share remained at 0.24 per share.

***Full Fiscal Years***

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

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

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

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

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) *Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.*

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) *Material Commitment for Capital Expenditure*

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

(v) *Others*

There are no known trends, events or uncertainties that have material impact on net sales/revenues/income from continuing operations.

The Company did not recognize income or loss during the quarter that did not arise from continuing operations.

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 2010*

As of 31 December 2010, total assets stood at P413,691, which is 45% lower compared to the previous year. Cash decreased by 85% due to settlement of operating expenses of the Company during the year. Other current assets increased due to input value added tax on listing and audit fees. Due to related party represents inter-company charges. Deposit for future stock subscription increased by 9%, as advances from a major shareholder during the year was recorded as such.

During the year, the Company posted a net loss of P663,023, which is 7% higher than last year’s P621,550. The increase is attributable to higher professional fees and expenses for the annual stockholders meeting.

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

| Ratios | Formula | 31-Dec-10 | 31-Dec-09 | 31-Dec-08 |
|---|---|---|---|---|
| Current Ratio | Current assets / Current liabilities | 0.57 :1<br>413,691 / 721,831 | 1.08 :1<br>751,012 / 696,129 | 1.48:1<br>1,008,949 / 682,516 |
| Debt to Equity Ratio | Total liabilities / Stockholders' equity | (2.34) :1<br>721,831 / -308,140 | 12.68 :1<br>696,129 / 54,883 | 2.09:1<br>682,516 / 326,433 |
| Capital Adequacy Ratio | Stockholders' equity / Total assets | (0.74) :1<br>(308,140) / 413,691 | 0.07 :1<br>54,883 / 751,012 | 0.32 :1<br>326,433 / 1,008,949 |
| Book value per share | Stockholders' equity / Total # of shares | (0.00011)<br>(308,140) / 2,733,463,907 | 0.00002<br>54,883 / 2,733,463,907 | 0.00012<br>326,433 / 2,733,463,907 |
| Loss per Share | Net loss / Total # of shares | (0.00024)<br>(663,023) / 2,733,463,907 | (0.00023)<br>(621,550) / 2,733,463,907 | (0.00024)<br>(664,322) / 2,733,463,907 |

**Current Ratio** shows the Company's ability to meet its short term financial obligation. As of 31 December 2010, the Company has P0.57 centavos worth of current assets for every peso of liability compared to the current ratio of P1.08 as of 31 December 2009. The decrease is attributable to payment of various operating expenses.

**Debt to Equity Ratio** indicates the extent of the Company to which debt is covered by shareholder's fund. It reflects the relative position of the equity holders and the lenders. As of 31 December 2010, the Company has negative equity. However, the major shareholder is committed to support the Company as the need arises.

**Capital Adequacy Ratio** is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 31 December 2010, the Company's Adequacy Ratio is negative P0.74 compared to the previous year's positive P0.07.

**Book Value per Share** measures the recoverable amount in the event of liquidation if assets are realized at book value. The Company has a book value per share of P0.00011 as of 31 December 2010.

**Loss per Share** is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 31 December 2010, the Company's loss per share was 4.3% higher compared to the same period in the previous year.

***Full Fiscal Years***

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

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

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

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

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) *Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.*

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) *Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.*

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

(v) *Any known trends, events or uncertainties (material impact on sales/revenues/income)*

There are no known trends, events or uncertainties that have material impact on net sales.

(vi) *Any significant elements of income or loss (from continuing operations)*

The Company did not recognize income or loss during the period that did not arise from continuing operations.

(vii) *Causes of any material changes from period to period of the Financial Statements which shall include vertical and horizontal analyses of any material item (5%)*

Any material change from period to period of the Financial Statements is included in the Management Discussion and Analysis.

(viii) *Seasonal aspects that have material effect on the Financial Statements*

There are no known seasonal aspects that had a material effect on the Company's 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:

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Professional Fees | 140,000.00 | 120,000.00 | 120,000.00 |
| Value Added Tax | 16,800.00 | 14,400.00 | 14,400.00 |
| Total Audit Fees | 156,800.00 | 134,400.00 | 134,400.00 |

For the year 2013, the audit fee is estimated to be P140,000.

**Tax Fees**

Zeus did not engage the services of the external auditor in the past two (2) 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 recommends to the Board the engagement of the external auditor's services in accordance with the policies laid down in its Manual on Corporate Governance and the Audit Committee Charter, 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 PSE. For the preceding two (2) years as well as the first two quarters of the current year, the highs and lows of Zeus' stock market prices are as follows:

| Year | Quarter | High | Low |
|---|---|---|---|
| 2013 | January-March | P0.77 | P0.35 |
| | April-June | 0.475 | 0.27 |
| 2012 | January-March | P0.85 | P0.66 |
| | April-June | 0.68 | 0.47 |
| | July-September | 0.59 | 0.38 |
| | October-December | 0.43 | 0.33 |
| 2011 | January-March | P0.215 | P0.171 |
| | April-June | 0.210 | 0.178 |
| | July-September | 1.37 | 0.18 |
| | October-December | 0.98 | 0.54 |

Zeus' stock was last traded at the PSE on 4 October 2013 at the price of thirty-seven centavos (P0.37) per share.

**Holders**

As of 30 September 2013, Zeus has a total of eight hundred twenty-two (822) stockholders,* the top twenty (20) of which are as follows:

| Name of Stockholder | No. of Shares | Percentage (%) of Shareholding |
|---|---|---|
| 1. PCD Nominee Corporation (Filipino) | 1,280,619,030 | 46.78% |
| 2. Zamcore Realty and Development Corporation | 729,377,728 | 26.65% |
| 3. a. F. Yap Securities, Inc.-In Trust For Horizon Resources Corporation | 410,019,586 | 14.98% |
| b. F. Yap Securities, Inc.-In Trust For Lindsay Resources Corporation | 410,019,586 | 14.98% |
| 4. PCD Nominee Corporation (Non-Filipino) | 10,600,100 | 0.39% |
| 5. R. Coyiuto Securities, Inc. | 10,310,000 | 0.38% |
| 6. Far East Cement Corporation | 6,283,906 | 0.23% |
| 7. F. Yap Securities, Inc.-In Trust For Various Clients | 2,405,300 | 0.09% |
| 8. Linda H. Bugarin | 2,325,006 | 0.09% |
| 9. ZHI Holdings, Inc. | 1,175,600 | 0.04% |
| 10. Peregrine Securities Phils., Inc. | 592,000 | 0.02% |
| 11. a. Jolly R. Bugarin | 500,000 | 0.018% |
| b. Sy Tiong Shou &/or Juanita Tan | 500,000 | 0.018% |
| 11. Martin P. Lorenzo | 300,000 | 0.011% |
| 12. Wanda Michelle Buencamino | 232,000 | 0.008% |
| 13. Victoria Z. Egan | 160,000 | 0.006% |

* Based on information provided by Zeus' stock transfer agent, Banco De Oro UniBank, Inc. - Stock Transfer & Settlement Department

| | | |
|---|---|---|
| 14. Imelda Tan Uy | 88,000 | 0.003% |
| 15. David Osmeña | 70,000 | 0.003% |
| 16. Luz Siy | 65,000 | 0.002% |
| 17. Vicente Cheng and/or Evangeline Cheng | 60,000 | 0.002% |
| 18. a. Ching Jung Chan and/or Tsai Li Mei | 50,000 | 0.002% |
| b. Clemente Y. Ong | 50,000 | 0.002% |
| c. Lucy Chua Sy | 50,000 | 0.002% |
| 19. PNB Securities, Inc. | 35,000 | 0.001% |
| 20. a. Miriam Balingit | 30,000 | 0.001% |
| b. Ricardo S. Canlas | 30,000 | 0.001% |
| c. Halian Go | 30,000 | 0.001% |
| **Total** | **2,735,887,842** | **99.96%** |

**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 and Interim Financial Statements**

The Audited Financial Statements of Zeus for the period ended 31 December 2012 and Interim Financial Statements for the period ended 30 June 2013 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 requirements of the SEC, the Company's Corporate Secretary/Compliance Officer has submitted the required yearly certification to the SEC and the PSE on the extent of compliance by the Company with its Manual of Corporate Governance (the "Manual"). For purposes of evaluating compliance with the Manual, the Corporation has adopted the Corporate Governance Scorecard for Publicly-Listed Companies prescribed by the SEC.

In February 2011, in compliance with the SEC Memorandum Circular No. 6, Series of 2009, the Company submitted to the SEC its Revised Manual on Corporate Governance (the "Revised Manual"), which incorporated the mandatory provisions of the Revised Code of Corporate Governance which were not included in the earlier version of the Manual.

On 30 March 2011, pursuant to PSE Memorandum Circular No. 2011-028, the Company submitted its Report on its Compliance with Corporate Governance Guidelines following the Disclosure Survey Form prescribed by the PSE.

On 4 October 2012, in compliance with SEC Memorandum Circular No. 4. Series of 2012, the Company approved and adopted the Charter of its Audit Committee and submitted the same to the SEC and the PSE on 5 October 2012.

The Company has substantially complied with the Manual with the election of an independent director to the Company's Board for the past nine (9) years (in each of the last five (5) annual stockholders' meetings, two independent directors were elected to the Board); the creation of the Audit, Compensation and Remuneration, and Nomination and Election Committees and the election of the members of each committee; the regular conduct of meetings of the Board; attendance in meetings of the directors and committee members; and adherence to applicable accounting standards and disclosure requirements. In addition, all of the Company's directors have attended and completed a seminar on Corporate Governance conducted by a duly recognized and accredited institutional training provider. The Company has also designated a Compliance Officer who oversees compliance with the Revised Manual.

The Revised 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 Revised 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 Revised Manual likewise provides the criteria for the evaluation of the performance of the Company's top management.

The Company, however, is working on its systems and procedures to improve compliance with the Company's Revised Manual.

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 adheres to a business plan. The Management periodically prepares and submits to the Board financial reports which enable the Board and Management to assess the financial status of the Company.

In April 2008, in line with its policy of transparency of information and timely and complete disclosure of all material facts relating to its business, the Company launched its official website (http://www.zeusholdingsinc.com), which contains the Company's corporate disclosures, including corporate governance reports submitted to the SEC and PSE, and other material information regarding the Company's management, operations, equity, share prices, and other aspects of the Company's business. The website is regularly updated.

Policies and procedures for the identification of potential conflicts of interests involving the Company's directors and officers are currently being developed. A Full Business Interest Disclosure Form has been adopted and has been complied with by the directors and key officers of the Company.

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

1. Due to limited operations, the Company has no compensation scheme for its directors and officers; and

2. The handbook has not been finalized mainly due to the Company's limited operations and manpower, and the change in the shareholders of the Company.

Punongbayan & Araullo

An instinct for growth™

Financial Statements and
Independent Auditors' Report

# Zeus Holdings, Inc.

December 31, 2012, 2011, and 2010



Member of Grant Thornton International Ltd

# 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.** (the Company), is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2012 and 2011, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68;
b. Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2012;
c. Schedule of Financial Indicators for December 31, 2012 and 2011;

Management responsibility on the financial statements includes designing and implementing internal controls 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.

The Board of Directors reviews and approves the financial statements, and the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors and Stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed under oath by the following:

FELIPE U. YAP/Chairman of the Board

YUEN PO SENG/President

RONALD P. SUGAPONG/Treasurer

Signed this 1st day of April 2013.

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

**SUBSCRIBED AND SWORN** to before me this APR 11 2013 day of April 2013 affiants exhibiting to me their passports as competent of their identities, as follows:

| Name | Competent Evidence of Identity | Date/Place Issued |
|---|---|---|
| Felipe U. Yap | Ppt No.EB3713140 | 9/22-2011/Manila |
| Yuen Po Seng | Ppt No.A25169994 | 10-25-2011/GeorgeTown, Malaysia |
| Ronald P. Sugapong | Ppt No.XX1614462 | 07-15-2008/Manila |

Doc. No. 114;
Page No. 24;
Book No. XV;
Series of 2013.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2014
IBP No. 656155-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2013-2014)
PTR No. 3664330 Jan. 2, 2013
Makati City Roll No. 40091

BUREAU OF INTERNAL REVENUE
Revenue Region No. 8
RDO 50 - South Makati
RECEIVED
APR 15 2013

Punongbayan & Araullo

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# Report of Independent Auditors

19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
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**The Board of Directors and Stockholders**
**Zeus Holdings, Inc.**
20th Floor, LKG Tower
6801 Ayala Avenue
Makati City

## Report on the Financial Statements

We have audited the accompanying financial statements of Zeus Holdings, Inc., which comprise the statements of financial position as at December 31, 2012, 2011, and 2010 and the statements of comprehensive income, statements of changes in capital deficiency and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

*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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*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 about 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.

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 at December 31, 2012, 2011 and 2010, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the Company incurred net losses of P673,747, P669,286 and P663,023 for the years ended December 31, 2012, 2011 and 2010, respectively, which resulted into a capital deficiency amounting to P3,232,073, P3,308,326 and P3,889,040, respectively, as of those dates. For the current and past few years, the Company has not undertaken any investing or operating activity. This condition and the Company's recurring net losses raised substantial doubt about the Company's ability to continue as a going concern. The Company, however, continuously evaluates possible business opportunities, particularly, in engaging to mining activities in the foreseeable future to revitalize its operations. Moreover, the Company intends to convert its Deposits for Future Stock Subscriptions amounting to P3,580,900 into capital stock by 2013. Sufficient audit procedures were performed to verify the Company's plans. Accordingly, the accompanying financial statements do not include any adjustment relating to the recoverability and classification of recorded assets or the amounts and classification of liabilities that may be necessary should the Company no longer continue as a going concern.

APR 15 20

## Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2012 required by the Bureau of Internal Revenue as disclosed in Note 13 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 3671455, January 2, 2013, Makati City
SEC Group A Accreditation
Partner - No. 1036-A (until Sept. 29, 2013)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-32-2011 (until Feb. 3, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 1, 2013

ZEUS HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012, 2011 AND 2010
*(Amounts in Philippine Pesos)*



| | Notes | 2012 | 2011 (As Restated - see Note 7) | 2010 (As Restated - see Note 7) |
|---|---|---|---|---|
| **A S S E T S** | | | | |
| CURRENT ASSETS | | | | |
| Cash | | P 575,932 | P 555,765 | P 67,364 |
| Input value-added tax | 13 | 474,387 | 409,661 | 346,327 |
| TOTAL ASSETS | | P 1,050,319 | P 965,426 | P 413,691 |
| **LIABILITIES AND CAPITAL DEFICIENCY** | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued expenses | 4 | P 701,492 | P 692,852 | P 721,831 |
| Deposits for future stock subscriptions | 5, 7 | 3,580,900 | 3,580,900 | 3,580,900 |
| Total Current Liabilities | | 4,282,392 | 4,273,752 | 4,302,731 |
| CAPITAL DEFICIENCY | | | | |
| Capital stock | 7 | 2,733,463,907 | 2,733,463,907 | 2,733,463,907 |
| Additional paid-in capital | 7 | 35,393,941 | 34,643,941 | 33,393,941 |
| Deficit | | ( 2,772,089,921 ) | ( 2,771,416,174 ) | ( 2,770,746,888 ) |
| Total Capital Deficiency | | ( 3,232,073 ) | ( 3,308,326 ) | ( 3,889,040 ) |
| TOTAL LIABILITIES AND CAPITAL DEFICIENCY | | P 1,050,319 | P 965,426 | P 413,691 |

*See Notes to Financial Statements.*

ZEUS HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010*
*(Amounts in Philippine Pesos)*

| | Notes | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| **OPERATING EXPENSES** | | | | |
| Taxes and licenses | 13 | P 265,140 | P 264,840 | P 263,600 |
| Professional fees | | 214,000 | 204,000 | 204,000 |
| Photocopying and reproduction | | 73,478 | 86,089 | 84,978 |
| Communication, light and water | | 26,443 | 25,856 | 24,984 |
| Contracted services | | 22,805 | 31,533 | 21,428 |
| Advertising and promotions | | 12,618 | 12,294 | 12,294 |
| Rental | | 9,346 | 5,900 | 8,200 |
| Trainings and seminars | | 350 | 300 | 900 |
| Other operating expenses | | 49,567 | 38,474 | 42,639 |
| **NET LOSS** | | 673,747 | 669,286 | 663,023 |
| **OTHER COMPREHENSIVE INCOME** | | - | - | - |
| **TOTAL COMPREHENSIVE LOSS** | | P 673,747 | P 669,286 | P 663,023 |
| **Loss Per Share** | 8 | P 0.00025 | P 0.00024 | P 0.00024 |

*See Notes to Financial Statements.*

* The Company was incorporated on December 17, 1981 and has not yet started commercial operations as of December 31, 2012.

ZEUS HOLDINGS, INC.
STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010*
*(Amounts in Philippine Pesos)*

| | Note | 2012 | 2011 (As Restated - see Note 7) | 2010 (As Restated - see Note 7) |
|---|---|---|---|---|
| **CAPITAL STOCK** - P1 par value | | | | |
| Authorized - 3,000,000,000 shares | | | | |
| Issued and outstanding - 2,733,463,907 shares | 7 | P 2,733,463,907 | P 2,733,463,907 | P 2,733,463,907 |
| **ADDITIONAL PAID-IN CAPITAL** | | | | |
| Balance at beginning of year | | 34,643,941 | 33,393,941 | 33,393,941 |
| Cash infusion during the year | 7 | 750,000 | 1,250,000 | - |
| Balance at end of year | | 35,393,941 | 34,643,941 | 33,393,941 |
| **DEFICIT** | | | | |
| Balance at beginning of year | | ( 2,771,416,174 ) | ( 2,770,746,888 ) | ( 2,770,083,865 ) |
| Net loss for the year | | ( 673,747 ) | ( 669,286 ) | ( 663,023 ) |
| Balance at end of year | | ( 2,772,089,921 ) | ( 2,771,416,174 ) | ( 2,770,746,888 ) |
| **TOTAL CAPITAL DEFICIENCY** | | ( P 3,232,073 ) | ( P 3,308,326 ) | ( P 3,889,040 ) |

*See Notes to Financial Statements.*

* The Company was incorporated on December 17, 1981 and has not yet started commercial operations as of December 31, 2012.

ZEUS HOLDINGS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010*
*(Amounts in Philippine Pesos)*

| | Note | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Net loss representing operating loss before working capital changes | | (P 673,747) | (P 669,286) | (P 663,023) |
| Increase in input value-added tax | | (64,726) | (63,334) | (59,273) |
| Increase (decrease) in accounts payable and accrued expenses | | 8,640 | (28,979) | 25,702 |
| Net Cash Used in Operating Activities | | (729,833) | (761,599) | (696,594) |
| **CASH FLOWS FROM FINANCING ACTIVITY** | | | | |
| Cash infusion received from stockholders | 5 | 750,000 | 1,250,000 | 300,000 |
| **NET INCREASE (DECREASE) IN CASH** | | 20,167 | 488,401 | (396,594) |
| **CASH AT BEGINNING OF YEAR** | | 555,765 | 67,364 | 463,958 |
| **CASH AT END OF YEAR** | | P 575,932 | P 555,765 | P 67,364 |

*See Notes to Financial Statements.*

* The Company was incorporated on December 17, 1981 and has not yet started commercial operations as of December 31, 2012.

ZEUS HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012, 2011 AND 2010
*(Amounts in Philippine Pesos)*

## 1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

### *1.1 Corporate Information*

Zeus Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 17, 1981 to engage in the purchase and sale of investments. The Company has not yet started its commercial operations as of December 31, 2012.

As of December 31, 2012, the largest stockholder of the Company is Zamcore Realty & Development Corporation which holds a 22% ownership interest in the Company.

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

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

The finance and administrative functions of the Company are being handled by a third party.

The financial statements of the Company for the year ended December 31, 2012 (including the comparatives for the years ended December 31, 2011 and 2010) were authorized for issue by the Company's Board of Directors (BOD) on April 1, 2013.

### *1.2 Status of Operations*

The Company incurred net losses of P673,747 in 2012, P669,286 in 2011 and P663,023 in 2010 which resulted into a capital deficiency of P3,232,073, P3,308,326 and P3,889,040, respectively, as of those dates. For the current and past few years, the Company has not undertaken any investing or operating activity.

The recurring net losses which resulted into a capital deficiency and the inability of the Company to undertake any investing or operating activity in the current and previous years raised substantial doubt about its ability to continue as a going concern. The Company, however, continuously evaluates possible business opportunities, particularly, in engaging to mining activities in the foreseeable future to revitalize its operations. On September 28 and November 28, 2007, the BOD and the stockholders, respectively, approved a proposed business plan involving the contemplated shift in the Company's primary purpose from an investment holding company to a mining entity.

On July 13, 2009, the Company entered into an operating agreement with Olympic International Sales Corporation (Olympic) which allows the Company to explore and, if warranted, develop Olympic's mining claims in the province of Surigao del Sur. The mining claims are the subject of an Application for Production Sharing Agreement (APSA) filed by Olympic with the Mines and Geosciences Bureau (MGB). The Company can only operate the mining claims upon the approval of the APSA and issuance of the Mineral Production Sharing Agreement (MPSA) by the Department of Environment and Natural Resources (DENR). The operating agreement shall take effect for a period of 25 years from the date of issuance of MPSA (see also Note 10). As of December 31, 2012, the MPSA has not yet been issued by the DENR while the approval of the APSA is still pending with the MGB.

Moreover, the Company intends to convert its Deposits for Future Stock Subscriptions amounting to P3,580,900 into capital stock by 2013 (see Note 5.2).

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### *2.1 Basis of Preparation of Financial Statements*

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

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

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

*(b) Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expense in a single statement of comprehensive income.

Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements. In 2012, the Company restated its 2011 and 2010 financial statements to reclassify Deposits for Future Stock Subscription to current liability (see Note 5). Accordingly, two comparative periods are presented for the Company's statements of financial position. In this connection, the Company early adopted PAS 1 (Amendment) which no longer requires the related notes on the opening statement of financial position to be presented [see Note 2.2(c)].

*(c) Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated (see Note 3).

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

### *2.2 Adoption of New and Amended PFRS*

*(a) Effective in 2012 that is Relevant to the Company*

In 2012, the Company adopted the amendment to PFRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets* (effective from July 1, 2011). The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Company does not usually enter into this type of arrangement with regard to transfer of financial assets; hence, the amendment did not result in any significant change in the Company's disclosures in its financial statements.

*(b) Effective in 2012 that are not Relevant to the Company*

The following amendments are mandatory for accounting periods beginning on or after July 1, 2011 or January 1, 2012 but are not relevant to the Company's financial statements:

(i) PAS 12 (Amendment), *Income Taxes – Deferred Taxes: Recovery of Underlying Assets.* The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property* should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretations Committee (SIC) 21, *Income Taxes – Recovery of Revalued Non-Depreciable Assets*, is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment* should always be measured on a sale basis of the asset. The amendment is not relevant to the Company as the Company has no investment properties and property, plant and equipment.

(ii) PFRS 1(Amendment), *First-Time Adoption of PFRS* was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the Company's financial statements.

*(c) Early Adoption of PAS 1 (Amendment)*

In the preparation of the 2012 financial statements, the Company adopted early the amendment made to PAS 1, issued by the FRSC as part of the Annual Improvements to PFRS 2009-2011 Cycle, which will be effective for the annual period beginning on or after January 1, 2013. The amendment clarifies that when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements that have a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present a third statement of financial position as at the beginning of that preceding period. Other than the disclosures of certain specified information as presented in Note 7, the related notes to the opening statement of financial position are no longer required to be presented.

*(d) Effective Subsequent to 2012 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Company's management does not expect this amendment to have an impact on the Company's financial statements as the Company does not have transactions recognized in other comprehensive income.

(ii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. The Company has initially assessed that the adoption of the amendment will not have a significant impact on its financial statements.

(iii) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Company's financial statements.

(iv) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.

(v) PFRS 9 *Financial Instruments: Classification and Measurement* (effective from January 1, 2015) to be relevant to the Company and which the Company will apply in accordance with its transitional provisions. This is the first part of a new standard on financial instruments that will replace PAS 39 in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and as such, the entity shall apply measurement to the entire hybrid contract, depending on whether the contract is at fair value or amortized cost.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to International Financial Reporting Standard 9's financial asset classification model to address certain application issues.

The Company does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on Company's financial statements and is committed to conduct a comprehensive study of the potential impact of this standard in the last quarter of 2014 before its adoption in 2015 to assess the impact of all changes.

### *2.3 Financial Assets*

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The financial asset category that is currently relevant to the Company is Loans and Receivables (presented as Cash in the statements of financial position). Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses, except when they are due within one year in which case, they are measured at their nominal values. Impairment loss is provided when there is an objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

*2.4 Impairment of Non-financial Assets*

The Company's input value-added tax (VAT) is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

*2.5 Financial Liabilities*

Financial liabilities include Accounts Payable and Accrued Expenses.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest and related charges, if any, incurred on a financial liability are recognized as an expense in the statement of comprehensive income.

Accounts payable and accrued expenses are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method for maturities beyond one year less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period, or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation, or expiration.

### *2.6 Deposits for Future Stock Subscriptions*

Deposits for future stock subscriptions are recorded upon receipt based on the advances from stockholders and additional cash infusion from stockholders to be converted to equity.

### *2.7 Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Where time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

### *2.8 Expense Recognition*

Expenses are recognized in profit or loss upon receipt of goods and utilization of services or at the date they are incurred.

*2.9 Income Taxes*

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for, using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged in other comprehensive income or directly to equity are recognized in other comprehensive income or directly to equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

*2.10 Related Party Transactions and Relationships*

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

### 2.11 Capital Deficiency

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital (APIC) includes any premiums received on the initial issuance of capital stock and subsequent cash infusion from stockholders approved by the BOD to be presented as APIC. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Deficit represents all current and prior period results as reported in profit or loss in the statements of comprehensive income.

### 2.12 Loss Per Share

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

The Company has no potentially dilutive shares, hence, no information on dilutive loss per share is presented.

### 2.13 Events After the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

*(a) Determination of Functional and Presentation Currency*

The Company has determined that its functional currency is the Philippine pesos, which is the currency of the primary economic environment in which the entity operates.

*(b) Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.7 and disclosures on relevant provisions and contingencies are presented in Note 9.

*(c) Impairment of Non-financial Assets*

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

Based on management's assessment, input VAT is fully recoverable; hence, no impairment loss was recognized in 2012, 2011 and 2010.

## 4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

| | 2012 | 2011 |
|---|---|---|
| Accounts payable | P 564,492 | P 572,852 |
| Accrued professional fees | 137,000 | 120,000 |
| | P 701,492 | P 692,852 |

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

## 5. RELATED PARTY TRANSACTIONS

The Company's related parties include its stockholders. The summary of the Company's significant transactions for the years ended December 31, 2012 and 2011 is as follows:

| Related Party Category | Note | 2012 Amount of Transaction | 2012 Outstanding Balance | 2011 Amount of Transaction | 2011 Outstanding Balance |
|---|---|---|---|---|---|
| Stockholders: | | | | | |
| Cash infusions (presented as APIC) | 5.1 | P 750,000 | P 2,000,000 | P 1,250,000 | P 1,250,000 |
| Deposits for future stock subscription | 5.2 | - | 3,580,900 | - | 3,580,900 |

### *5.1 Cash Infusions from Stockholders*

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

| Date Authorized | Amount | Month Received |
|---|---|---|
| October 24, 2012 | P 750,000 | October 2012 |
| December 29, 2011 | 550,000 | December 2011 |
| March 16, 2011 | 420,000 | March 2011 |
| January 10, 2011 | 280,000 | January 2011 |
| May 18, 2010 | 300,000 | May 2010 |
| December 18, 2009 | 350,000 | December 2009 |
| November 26, 2008 | 690,300 | December 2008 |
| | P 3,340,300 | |

Of the total cash infusion received, P1,340,300 was recognized as Deposits for Future Stock Subscriptions (see Note 5.2) and the remaining amount of P2,000,000 was reflected as APIC, P750,000 in 2012 and P1,250,000 in 2011 (see Note 7.2).

### *5.2 Conversion of Advances from Stockholders*

On September 30, 2008, the Company's BOD approved the conversion of all of its outstanding advances from FYSI and ZHI Holdings, Inc. (ZHIHI) as of that date totaling P2,240,600 (previously presented under Due to Related Parties account) to Deposits for Future Stock Subscriptions.

The aggregate amount of the converted advances from FYSI and ZHIHI and the additional cash infusions made by FYSI (see Note 5.1) totaling P3,580,900 are presented as Deposits for Future Stock Subscriptions in the statements of financial position.

The Company intends to convert the Deposits for Stock Subscriptions into capital stock by 2013.

### *5.3 Key Management Personnel Compensation*

In 2012, 2011 and 2010, there were no expenses recognized that are related to employee benefits since the Company's finance and administrative activities are being handled by a third party (see Note 1.1).

## 6. INCOME TAXES

The Company is in tax loss position in 2012 and previous years. Accordingly, the Company has accumulated net operating loss carryover (NOLCO) which can be claimed as deduction from future taxable income within three years from the year the NOLCO was incurred.

The details of the Company's NOLCO as of December 31, 2012 and their respective availment periods are presented below:

| Year | | Original Balance | | Expired Balance | | Remaining Balance | Valid Until |
|---|---|---|---|---|---|---|---|
| 2012 | P | 673,747 | P | - | P | 673,747 | 2015 |
| 2011 | | 669,286 | | - | | 669,286 | 2014 |
| 2010 | | 663,023 | | - | | 663,023 | 2013 |
| 2009 | | 621,550 | | 621,550 | | - | |
| | P | 2,627,606 | P | 621,550 | P | 2,006,056 | |

Management has assessed that the Company may have no sufficient future taxable income to enable it to utilize the benefits of the NOLCO within their prescribed periods. Hence, the related deferred tax assets amounting to P601,817, P586,158 and P584,631 as of December 31, 2012, 2011 and 2010, respectively, have not been recognized in the financial statements.

For the years ended December 31, 2012, 2011, and 2010, the Company did not have minimum corporate income tax (equivalent to 2% of gross income, net of allowable deductions, as defined in the tax regulations) since the Company has no gross income in those years.

In 2012, 2011 and 2010, the Company opted to claim itemized deductions in computing for its income tax due.

## 7. CAPITAL DEFICIENCY

### *7.1 Capital Stock*

On May 29, 1991, the SEC issued an Order approving the Registration Statement covering the securities which comprised the Company's entire authorized capital stock. On July 15, 1991, the PSE approved the listing of the Company's shares. The Company offered to the public 25,000,000 shares at an offer price of P2.20 per share.

On January 6, 1997, the SEC approved the increase of the Company's authorized capital stock from P100,000,000 to P3,000,000,000.

As of December 31, 2012 and 2011, the Company has an outstanding capital stock of P2,733,463,907 covering 2,733,463,907 shares, all of which are listed in the PSE. The number of holders and the closing price of the said shares is 820 and P0.34 per share in 2012, respectively, and 823 and P0.75 per share in 2011, respectively.

### *7.2 Additional Paid-in Capital*

In their meetings on October 24, 2012 and December 15, 2011, the Company's BOD authorized the acceptance of additional cash infusion from a stockholder amounting to P750,000 and P1,250,000 to be reflected as part of APIC (see Note 5.1).

*7.3 Deposits for Future Stock Subscriptions*

In 2012, the Company restated its 2011 and 2010 financial statements to appropriately classify, under Current Liabilities, the balance of Deposits for Future Stock Subscriptions as of December 31, 2011 and 2010 amounting to P3,580,900. Previously, these deposits are presented under the Equity section in the 2011 and 2010 statements of financial position.

Presented below are the details of the effect of the restatement made in the statements of financial position as at December 31, 2011 and 2010.

| | 2011 | | |
|---|---|---|---|
| | As Previously Reported | Reclassification | As Restated |
| Change in Liabilities | P 692,852 | P 3,580,900 | P 4,273,752 |
| Change in Equity (Capital Deficiency) | P 272,574 | (P 3,580,900) | (P 3,308,326) |
| | **2010** | | |
| | As Previously Reported | Reclassification | As Restated |
| Change in Liabilities | P 721,831 | P 3,580,900 | P 4,302,731 |
| Change in Capital Deficiency | (P 308,140) | (P 3,580,900) | (P 3,889,040) |

The restatement had no effect on the Company's statements of comprehensive income both in 2011 and 2010.

## 8. LOSS PER SHARE

The basic loss per share is computed as follows:

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Net loss for the year | P **673,747** | P 669,286 | P 663,023 |
| Divided by the weighted average number of issued and outstanding shares | 2,733,463,907 | 2,733,463,907 | 2,733,463,907 |
| Loss per share | P **0.00025** | P 0.00024 | P 0.00024 |

Diluted earnings per share was not determined because the Company does not have potential dilutive common shares in 2012, 2011 and 2010.

## 9. COMMITMENTS AND CONTINGENCIES

There are commitments and contingencies which are not reflected in the financial statements. As of December 31, 2012, management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Company's financial statements.

## 10. OPERATING AGREEMENT WITH OLYMPIC

Pursuant to the operating agreement with Olympic as mentioned in Note 1, which shall take effect for a period of 25 years from the date of issuance of MPSA, the Company, in consideration of the agreement, shall pay Olympic in the form of royalties in an amount equivalent to 3% of the Net Smelter Return on metal sales. Moreover, as additional consideration for Olympic's appointment of the Company as operator of the mining claims, the Company has entered into an additional agreement with Olympic for the issuance of the Company's shares of stock from its unissued capital in favor of Olympic in accordance with the following provisions:

*(a)* 10,000,000 common shares shall be issued to Olympic within one month from the issuance of the MPSA;

*(b)* Olympic shall have the option to subscribe at par, subject to applicable laws, to additional 10,000,000 common shares within one year from the issuance of the MPSA; and

*(c)* Olympic shall have option to subscribe at par, subject to applicable laws, to 100,000,000 common shares within five years from the issuance of the MPSA.

The above-mentioned agreements were unanimously passed and approved by the Company's BOD during a special meeting held on July 13, 2009 and ratified by the Company's stockholders representing 83.27% of the outstanding capital stock of the Company during the annual meeting of the stockholders held on November 5, 2009.

The Company can only operate the mining claims upon the approval of the APSA by the MGB and issuance of the MPSA by the DENR. As of December 31, 2012, the MPSA has not yet been issued by the DENR which the approval of the APSA is still pending with the MGB.

## 11. RISK MANAGEMENT OBJECTIVES AND POLICIES

As of December 31, 2012, the Company is not exposed to any financial risks as it has no significant financial instruments.

### *11.1 Credit Risk*

The Company's exposure to credit risk is limited to the amount of Cash as shown in the statements of financial position. However, the credit risk for Cash is considered negligible since the counterparty is a reputable bank with high quality external credit ratings. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to maximum coverage of P0.5 million for every depositor per banking institution.

### *11.2 Liquidity Risk*

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments.

The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and, (c) to be able to access funding when needed at the least possible cost. Funding for expenditures are advanced by the stockholders of the Company.

As of December 31, 2012 and 2011, the Company's maximum liquidity risk is the carrying amount of Accounts payable and Accrued Expenses.

## 12. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern. As indicated in Note 1, the Company's management continues to assess possible investment opportunities and various options regarding operations that it may take in the future. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position.

To support its business plan, the Company has converted advances from related parties to deposits for future stock subscription and has received additional cash infusions which the Company intends to convert subsequently into capital stock.

## 13. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

### *13.1 Requirements Under Revenue Regulations (RR) 15-2010*

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

*(a) Output VAT*

The Company has no output VAT in 2012 as the Company has not yet started its commercial operations as of December 31, 2012.

*(b) Input VAT*

The movements in input VAT are summarized below.

| | | |
|---|---|---|
| Balance at beginning of year | P | 409,661 |
| Services lodged under other accounts | | 64,726 |
| Balance at end of year | P | 474,387 |

*(c) Taxes on Importation*

The Company does not have any customs duties and tariff fees paid in 2012 since it did not engage in any importation activities during the year.

*(d) Excise Taxes*

The Company does not have any transactions in 2012 which are subject to excise tax.

*(e) Documentary Stamp Tax*

The Company did not incur any documentary stamp tax in 2012 as it did not execute any documents, instruments, loan agreements and papers evidencing the acceptance, assignment, sale or transfer of an obligation, and any right or property during the year.

*(f) Taxes and Licenses*

The details of Taxes and Licenses account are shown below.

| | | |
|---|---|---|
| PSE listing fee | P | 250,000 |
| Business tax | | 13,040 |
| Annual registration | | 500 |
| Miscellaneous | | 1,600 |
| | P | 265,140 |

*(g) Withholding Taxes*

The tax withheld and remitted for the year ended December 31, 2012 amounted to P12,017, which only pertains to expanded withholding tax.

*(h) Deficiency Tax Assessments and Tax Cases*

As of December 31, 2012, the Company does not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

### *13.2 Requirements Under RR 19-2011*

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, and itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2012 statement of comprehensive income.

*(a) Taxable Revenues*

The Company does not have taxable revenues in 2012.

*(b) Deductible Cost of Sales and Services*

The Company does not have deductible cost of sales and services in 2012.

*(c) Taxable Non-Operating and Other Income*

The Company has does not have taxable non-operating and other income in 2012.

*(d) Itemized Deductions*

The amounts of itemized deductions for the year ended December 31, 2012 are as follows:

| | | |
|---|---|---|
| Taxes and licenses | P | 265,140 |
| Professional fees | | 214,000 |
| Photocopying and reproduction | | 73,478 |
| Communication, light and water | | 26,443 |
| Other services | | 22,805 |
| Advertising and promotions | | 12,618 |
| Rental | | 9,346 |
| Office supplies | | 1,772 |
| Insurance | | 1,014 |
| Transportation and travel | | 1,004 |
| Miscellaneous | | 46,127 |
| | P | 673,747 |

Punongbayan & Araullo

An instinct for growth™

# Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 886 5511
F +63 2 886 5506
www.punongbayan-araullo.com

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Zeus Holdings, Inc. for the year ended December 31, 2012, on which we have rendered our report dated April 1, 2013. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 3671455, January 2, 2013, Makati City
SEC Group A Accreditation
Partner - No. 1036-A (until Sept. 29, 2013)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-32-2011 (until Feb. 3, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 1, 2013

Zeus Holdings, Inc.
List of Supplementary Information
December 31, 2012



* These schedules and supplementary information are not included as these are not applicable to the Company.
**The Company is not part of a group of companies.

Zeus Holdings, Inc.
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule H
Capital Stock

| Title of Issue | Number of shares authorized | Number of shares issued and outstanding as shown under related balance sheet caption | Number of shares reserved for options, warrants, conversion and other rights | Number of shares held by related parties | Directors, officers and employees | Others |
|---|---|---|---|---|---|---|
| Common shares - P1 par value | 3,000,000,000 | 2,733,463,907 | - | 729,377,728 | - | 2,004,086,179 |

Zeus Holdings, Inc.

Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2012

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **Framework for the Preparation and Presentation of Financial Statements** | | ✓ | | |
| Conceptual Framework Phase A: Objectives and Qualitative Characteristics | | ✓ | | |
| **Practice Statement Management Commentary** | | | ✓ | |
| ***Philippine Financial Reporting Standards (PFRS)*** | | | | |
| **PFRS 1 (Revised)** | First-time Adoption of Philippine Financial Reporting Standards | ✓ | | |
| | Amendments to PFRS 1: Additional Exemptions for First-time Adopters | ✓ | | |
| | Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters | ✓ | | |
| | Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters | ✓ | | |
| | Amendments to PFRS 1: Government Loans* *(effective January 1, 2013)* | | | ✓ |
| **PFRS 2** | Share-based Payment | | | ✓ |
| | Amendments to PFRS 2: Vesting Conditions and Cancellations | | | ✓ |
| | Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions | | | ✓ |
| **PFRS 3 (Revised)** | Business Combinations | | | ✓ |
| **PFRS 4** | Insurance Contracts | | | ✓ |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | | | ✓ |
| **PFRS 5** | Non-current Assets Held for Sale and Discontinued Operations | | | ✓ |
| **PFRS 6** | Exploration for and Evaluation of Mineral Resources | | | ✓ |
| **PFRS 7** | Financial Instruments: Disclosures | ✓ | | |
| | Amendments to PFRS 7: Transition | ✓ | | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets | ✓ | | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition | ✓ | | |
| | Amendments to PFRS 7: Improving Disclosures about Financial Instruments | ✓ | | |
| | Amendments to PFRS 7: Disclosures - Transfers of Financial Assets | ✓ | | |
| | Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2013)* | | | ✓ |
| | Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)* | | | ✓ |
| **PFRS 8** | Operating Segments | | | ✓ |
| **PFRS 9** | Financial Instruments *(effective January 1, 2015)* | | | ✓ |
| | Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)* | | | ✓ |
| **PFRS 10** | Consolidated Financial Statements* *(effective January 1, 2013)* | | | ✓ |
| | Amendments to PFRS 10: Transition Guidance* *(effective January 1, 2013)* | | | ✓ |
| | Amendments to PFRS 10: Investment Entities* *(effective January 1, 2013)* | | | ✓ |
| **PFRS 11** | Joint Arrangements* *(effective January 1, 2013)* | | | ✓ |
| | Amendments to PFRS 11: Transition Guidance* *(effective January 1, 2013)* | | | ✓ |
| **PFRS 12** | Disclosure of Interests in Other Entities* *(effective January 1, 2013)* | | | ✓ |
| | Amendments to PFRS 12: Transition Guidance* *(effective January 1, 2013)* | | | ✓ |
| | Amendments to PFRS 12: Investment Entities* *(effective January 1, 2013)* | | | ✓ |
| **PFRS 13** | Fair Value Measurement* *(effective January 1, 2013)* | | | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| *Philippine Accounting Standards (PAS)* | | | | |
| PAS 1 (Revised) | Presentation of Financial Statements | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | ✓ | | |
| | Amendments to PAS 1: Presentation of Items of Other Comprehensive Income | ✓ | | |
| PAS 2 | Inventories | | | ✓ |
| PAS 7 | Statement of Cash Flows | ✓ | | |
| PAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors | ✓ | | |
| PAS 10 | Events after the Reporting Period | ✓ | | |
| PAS 11 | Construction Contracts | | | ✓ |
| PAS 12 | Income Taxes | ✓ | | |
| | Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets | ✓ | | |
| PAS 16 | Property, Plant and Equipment | | | ✓ |
| PAS 17 | Leases | ✓ | | |
| PAS 18 | Revenue | ✓ | | |
| PAS 19 | Employee Benefits | | | ✓ |
| | Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures | | | ✓ |
| PAS 19 (Revised) | Employee Benefits* *(effective January 1, 2013)* | | | ✓ |
| PAS 20 | Accounting for Government Grants and Disclosure of Government Assistance | | | ✓ |
| PAS 21 | The Effects of Changes in Foreign Exchange Rates | ✓ | | |
| | Amendment: Net Investment in a Foreign Operation | ✓ | | |
| PAS 23 (Revised) | Borrowing Costs | | | ✓ |
| PAS 24 (Revised) | Related Party Disclosures | ✓ | | |
| PAS 26 | Accounting and Reporting by Retirement Benefit Plans | | | ✓ |
| PAS 27 | Consolidated and Separate Financial Statements | | | ✓ |
| | Amendments to PFRS 1 and PAS 27: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate | | | ✓ |
| PAS 27 (Amended) | Separate Financial Statements* *(effective January 1, 2013)* | | | ✓ |
| | Amendments to PAS 27 (Amended): Investment Entities* *(effective January 1, 2013)* | | | ✓ |
| PAS 28 | Investments in Associates | | | ✓ |
| PAS 28 (Amended) | Investments in Associates and Joint Ventures* *(effective January 1, 2013)* | | | ✓ |
| PAS 29 | Financial Reporting in Hyperinflationary Economies | | | ✓ |
| PAS 31 | Interests in Joint Ventures | | | ✓ |
| PAS 32 | Financial Instruments: Presentation | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | ✓ | | |
| | Amendment to PAS 32: Classification of Rights Issues | ✓ | | |
| | Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2014)* | | | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| PAS 33 | Earnings per Share | ✓ | | |
| PAS 34 | Interim Financial Reporting | | | ✓ |
| PAS 36 | Impairment of Assets | ✓ | | |
| PAS 37 | Provisions, Contingent Liabilities and Contingent Assets | ✓ | | |
| PAS 38 | Intangible Assets | ✓ | | |
| PAS 39 | Financial Instruments: Recognition and Measurement | ✓ | | |
| | Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities | ✓ | | |
| | Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions | ✓ | | |
| | Amendments to PAS 39: The Fair Value Option | ✓ | | |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | ✓ | | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets | ✓ | | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition | ✓ | | |
| | Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives | ✓ | | |
| | Amendment to PAS 39: Eligible Hedged Items | ✓ | | |
| PAS 40 | Investment Property | | | ✓ |
| PAS 41 | Agriculture | | | ✓ |
| ***Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)*** | | | | |
| IFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities** | | | ✓ |
| IFRIC 2 | Members' Share in Co-operative Entities and Similar Instruments | | | ✓ |
| IFRIC 4 | Determining Whether an Arrangement Contains a Lease | | | ✓ |
| IFRIC 5 | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds** | | | ✓ |
| IFRIC 6 | Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment | | | ✓ |
| IFRIC 7 | Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies | | | ✓ |
| IFRIC 9 | Reassessment of Embedded Derivatives** | ✓ | | |
| | Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives** | ✓ | | |
| IFRIC 10 | Interim Financial Reporting and Impairment | ✓ | | |
| IFRIC 12 | Service Concession Arrangements | | | ✓ |
| IFRIC 13 | Customer Loyalty Programmes | | | ✓ |
| IFRIC 14 | PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | | | ✓ |
| | Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction | | | ✓ |
| IFRIC 16 | Hedges of a Net Investment in a Foreign Operation | | | ✓ |
| IFRIC 17 | Distributions of Non-cash Assets to Owners** | | | ✓ |
| IFRIC 18 | Transfers of Assets from Customers** | | | ✓ |
| IFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments** | ✓ | | |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine* *(effective January 1, 2013)* | | | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| *Philippine Interpretations - Standing Interpretations Committee (SIC)* | | | | |
| SIC-7 | Introduction of the Euro | | | ✓ |
| SIC-10 | Government Assistance - No Specific Relation to Operating Activities | | | ✓ |
| SIC-12 | Consolidation - Special Purpose Entities | | | ✓ |
| | Amendment to SIC - 12: Scope of SIC 12 | | | ✓ |
| SIC-13 | Jointly Controlled Entities - Non-Monetary Contributions by Venturers | | | ✓ |
| SIC-15 | Operating Leases - Incentives | ✓ | | |
| SIC-25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders** | ✓ | | |
| SIC-27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | ✓ | | |
| SIC-29 | Service Concession Arrangements: Disclosures | | | ✓ |
| SIC-31 | Revenue - Barter Transactions Involving Advertising Services** | | | ✓ |
| SIC-32 | Intangible Assets - Web Site Costs** | | | ✓ |

* These standards will be effective for periods subsequent to 2012 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

ZEUS HOLDINGS, INC.
SCHEDULE OF FINANCIAL INDICATORS

| Financial Information | 2012 | 2011 | 2010 |
|---|---|---|---|
| Current Assets | 1,050,319 | 965,426 | 413,691 |
| Total Assets | 1,050,319 | 965,426 | 413,691 |
| Average Assets | 1,007,872 | 689,559 | 206,846 |
| Current Liabilities | 4,282,392 | 4,273,752 | 4,302,731 |
| Total Liabilities | 4,282,392 | 4,273,752 | 4,302,731 |
| Capital Deficiency | (3,232,073) | (3,308,326) | (3,889,040) |
| Average Equity | (3,270,200) | (3,598,683) | (3,557,529) |
| Revenues | - | - | - |
| Cost and expenses | 673,747 | 669,286 | 663,023 |
| Net Income (Loss) | (673,747) | (669,286) | (663,023) |

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| [1] Liquidity Ratio | 0.25 | 0.23 | 0.10 |
| [2] Debt to Equity Ratio | (1.32) | (1.29) | (1.11) |
| [3] Asset to Equity Ratio | (0.32) | (0.29) | (0.11) |
| [4] Return on Assets | (0.67) | (0.97) | (3.21) |
| [5] Return on Equity | 0.21 | 0.19 | 0.19 |
| [6] Cost to Income Ratio | na | na | na |

[1] *Current Assets over Current Liabilities*
[2] *Total Liabilities over Equity*
[3] *Total Assets over Equity*
[4] *Net Income over Average Assets*
[5] *Net Income over Average Equity*
[6] *Cost and Expenses over Revenues*

RECEIVING

# COVER SHEET

1 0 2 4 1 5

SEC Registration Number

ZEUS HOLDINGS, INC.

(Company's Full Name)

20/F LKG TOWER 6801 AYALA AVENUE
MAKATI CITY

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

ATTY. DAISY L. PARKER

(Contact Person)

884-1106

(Company Telephone Number)

1 2 3 1

*Month* *Day*

(Fiscal Year)

P H F S

(Form Type)

*Month* *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

# ZEUS HOLDINGS, INC.

20th Floor LKG Tower, 6801 Ayala Avenue, Makati City

## CERTIFICATION

SEC
Central Receiving and Records Division
HRAD
APR 15 2013
10
BY:
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

Securities and Exchange Commission
SEC Building
EDSA, Greenhills
Mandaluyong City

Gentlemen:

In compliance with Memorandum Circular No. 02 dated March 12, 2001, issued by the Securities and Exchange Commission (SEC), requiring the submission by registered corporations of SEC reportorial requirements we submit herewith the Audited Financial Statements (AFS) diskette of Zeus Holdings, Inc. for the years ended December 31, 2012 and 2011 consisting of the following:

| | |
|---|---|
| Table 1. | Statements of Financial Position |
| Table 2. | Statements of Comprehensive Income and Retained Earnings Statement |
| Table 2b. | Statements of Cash Flows |

I certify that the AFS diskette of the Company contains the basic and material data in the hard copies of the financial statements of the Company for the years ended December 31, 2012 and 2011.

RONALD P. SUGAPONG
Treasurer

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

**SUBSCRIBED AND SWORN** to before me this APR 15 2013 day of April 2013, affiants exhibiting to me his Passport No. XX1614462 issued on July 15, 2008 at Manila.

Doc. No. 262
Page No. 74
Book No. 275
Series of 2013.

ATTY. [illegible] R. AGCAOILI, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
PTR NO. 0285334 / [illegible] MLA.
IBP NO. 873692 / [illegible]
ROLL NO. 24655 / TIN [illegible]-068
MCLE III - 0013521
Com. No. 2013 - 023

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ZEUS HOLDINGS, INC.

CURRENT ADDRESS: 20th Floor LKG Tower, 6801 Ayala Avenue, Makati City

TEL. NO.: 884-1106 FAX NO.: 884-1409

COMPANY TYPE: Holding Company PSIC:

*If these are based on consolidated financial statements, please so indicate in the caption.*

Table 1. Balance Sheet

| FINANCIAL DATA | 2012 (in P'000) | 2011 (in P'000) |
|---|---|---|
| A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10) | 1,050 | 965 |
| A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5) | 576 | 556 |
| A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3) | 576 | 556 |
| A.1.1.1 On hand | | |
| A.1.1.2 In domestic banks/entities | 576 | 556 |
| A.1.1.3 In foreign banks/entities | | |
| A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2) | | |
| A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4) | | |
| A.1.2.1.1 Due from customers (trade) | | |
| A.1.2.1.2 Due from related parties | | |
| A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2) | | |
| A.1.2.1.3.1 | | |
| A.1.2.1.3.2 | | |
| A.1.2.1.4 Allowance for doubtful accounts (negative entry) | | |
| A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4) | | |
| A.1.2.2.1 | | |
| A.1.2.2.2 | | |
| A.1.2.2.3 | | |
| A.1.2.2.4 Allowance for doubtful accounts (negative entry) | | |
| A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6) | | |
| A.1.3.1 Raw materials and supplies | | |
| A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds) | | |
| A.1.3.3 Finished goods | | |
| A.1.3.4 Merchandise/Goods in transit | | |
| A.1.3.5 Unbilled Services (in case of service providers) | | |
| A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2) | | |
| A.1.3.6.1 | | |
| A.1.3.6.2 | | |
| A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6) | | |
| A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5) | | |
| A.1.4.1.1 National Government | | |
| A.1.4.1.2 Public Financial Institutions | | |
| A.1.4.1.3 Public Non-Financial Institutions | | |
| A.1.4.1.4 Private Financial Institutions | | |
| A.1.4.1.5 Private Non-Financial Institutions | | |
| A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5) | | |
| A.1.4.2.1 National Government | | |
| A.1.4.2.2 Public Financial Institutions | | |
| A.1.4.2.3 Public Non-Financial Institutions | | |
| A.1.4.2.4 Private Financial Institutions | | |
| A.1.4.2.5 Private Non-Financial Institutions | | |

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial Institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ZEUS HOLDINGS, INC.

CURRENT ADDRESS: 20th Floor LKG Tower, 6801 Ayala Avenue, Makati City

TEL. NO.: 884-1106 FAX NO.: 884-1409

COMPANY TYPE: Holding Company PSIC:

*If these are based on consolidated financial statements, please so indicate in the caption.*

Table 1. Balance Sheet

| FINANCIAL DATA | 2012 (In P'000) | 2011 (In P'000) |
|---|---|---|
| A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5) | | |
| A.1.4.3.1 National Government | | |
| A.1.4.3.2 Public Financial Institutions | | |
| A.1.4.3.3 Public Non-Financial Institutions | | |
| A.1.4.3.4 Private Financial Institutions | | |
| A.1.4.3.5 Private Non-Financial Institutions | | |
| A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5) | | |
| A.1.4.4.1 National Government | | |
| A.1.4.4.2 Public Financial Institutions | | |
| A.1.4.4.3 Public Non-Financial Institutions | | |
| A.1.4.4.4 Private Financial Institutions | | |
| A.1.4.4.5 Private Non-Financial Institutions | | |
| A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4) | | |
| A.1.4.5.1 Financial Assets at fair value through profit or loss | | |
| A.1.4.5.2 Held-to-maturity investments | | |
| A.1.4.5.3 Loans and Receivables | | |
| A.1.4.5.4 Available-for-sale financial assets | | |
| A.1.4.6 Allowance for decline in market value (negative entry) | | |
| A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3) | 474 | 410 |
| A.1.5.1 Prepaid insurance | | |
| A.1.5.2 Input tax | 474 | 410 |
| A.1.5.3 | | |
| A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8) | | |
| A.2.1 Land | | |
| A.2.2 Building and improvements including leasehold improvement | | |
| A.2.3 Machinery and equipment (on hand and in transit) | | |
| A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment | | |
| A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5) | | |
| A..2.5.1 | | |
| A..2.5.2 | | |
| A..2.5.3 | | |
| A..2.5.4 | | |
| A..2.5.5 | | |
| A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5) | | |
| A..2.6.1 | | |
| A..2.6.2 | | |
| A..2.6.3 | | |
| A..2.6.4 | | |
| A..2.6.5 | | |
| A.2.7 Accumulated Depreciation (negative entry) | | |
| A.2.8 Impairment Loss or Reversal (if loss, negative entry) | | |
| A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4) | | |
| A.3.1 Equity in domestic subsidiaries/affiliates | | |
| A.3.2 Equity in foreign branches/subsidiaries/affiliates | | |
| A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5) | | |
| A.3.3.1 | | |
| A.3.3.2 | | |
| A.3.3.3 | | |
| A.3.3.4 | | |
| A.3.3.5 | | |
| A.4 Investment Property | | |
| A.5 Biological Assets | | |
| A.6 Intangible Assets | | |
| A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2) | | |
| A.6.1.1 | | |
| A.6.1.2 | | |
| A.6.2 Others, specify (A.6.2.1 + A.6.2.2) | | |
| A.6.2.1 | | |
| A.6.2.2 | | |
| A.7 Assets Classified as Held for Sale | | |
| A.8 Assets included in Disposal Groups Classified as Held for Sale | | |

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ZEUS HOLDINGS, INC.
CURRENT ADDRESS: 20th Floor LKG Tower, 6801 Ayala Avenue, Makati City
TEL. NO.: 884-1106 FAX NO.: 884-1409
COMPANY TYPE : Holding Company PSIC:
*If these are based on consolidated financial statements, please so indicate in the caption.*

Table 1. Balance Sheet

| FINANCIAL DATA | 2012 (in P'000) | 2011 (in P'000) |
|---|---|---|
| A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3) | | |
| A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3) | | |
| A.9.1.1 | | |
| A.9.1.2 | | |
| A.9.1.3 | | |
| A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3) | | |
| A.9.2.1 | | |
| A.9.2.2 | | |
| A.9.2.3 | | |
| A.9.3 Allowance for doubtful accounts, net of current portion (negative entry) | | |
| A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5) | | |
| A.10.1 Deferred charges - net of amortization | | |
| A.10.2 Deferred Income Tax | | |
| A.10.3 Advance/Miscellaneous deposits | | |
| A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5) | | |
| A.10.4.1 | | |
| A.10.4.2 | | |
| A.10.4.3 | | |
| A.10.4.4 | | |
| A.10.4.5 | | |
| A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry) | | |
| B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5) | 4,282 | 4,274 |
| B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7) | 4,282 | 4,274 |
| B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6) | 701 | 693 |
| B.1.1.1 Loans/Notes Payables | | |
| B.1.1.2 Trade Payables | | |
| B.1.1.3 Payables to Related Parties | 561 | 573 |
| B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders | | |
| B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3) | 141 | 120 |
| B.1.1.5.1 Audit fee | 130 | 120 |
| B.1.1.5.2 Legal fee | 7 | |
| B.1.1.5.3 Others | 4 | |
| B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3) | - | - |
| B.1.1.6.1 Accounts Payables | - | - |
| B.1.1.6.2 | | |
| B.1.1.6.3 | | |
| B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3) | | |
| B.1.2.1 | | |
| B.1.2.2 | | |
| B.1.2.3 | | |
| B.1.3 Provisions | | |
| B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5) | | |
| B.1.4.1 | | |
| B.1.4.2 | | |
| B.1.4.3 | | |
| B.1.4.4 | | |
| B.1.4.5 | | |
| B.1.5 Liabilities for Current Tax | | |
| B.1.6 Deferred Tax Liabilities | | |
| B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6) | 3,581 | 3,581 |
| B.1.7.1 Dividends declared and not paid at balance sheet date | | |
| B.1.7.2 Acceptances Payable | | |
| B.1.7.3 Liabilities under Trust Receipts | | |
| B.1.7.4 Portion of Long-term Debt Due within one year | | |
| B.1.7.5 Deferred Income | | |
| B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify: | 3,581 | 3,581 |
| B.1.7.6.1 Deposit for future stock subscription | 3,581 | 3,581 |
| B.1.7.6.2 | | |
| B.1.7.6.3 | | |

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: ZEUS HOLDINGS, INC.
CURRENT ADDRESS: 20th Floor LKG Tower, 6801 Ayala Avenue, Makati City
TEL. NO.: 884-1106 FAX NO.: 884-1409
COMPANY TYPE : Holding Company PSIC:
*If these are based on consolidated financial statements, please so indicate in the caption.*

Table 1. Balance Sheet

| FINANCIAL DATA | 2012 (In P'000) | 2011 (In P'000) |
|---|---|---|
| B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5) | | |
| B.2.1 Domestic Public Financial Institutions | | |
| B.2.2 Domestic Public Non-Financial Institutions | | |
| B.2.3 Domestic Private Financial Institutions | | |
| B.2.4 Domestic Private Non-Financial Institutions | | |
| B.2.5 Foreign Financial Institutions | | |
| B.3 Indebtedness to Affiliates and Related Parties (Non-Current) | | |
| B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale | | |
| B.5 Other Liabilities (B.5.1 + B.5.2) | | |
| B.5.1 Deferred Tax | | |
| B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5) | | |
| B.5.2.1 | | |
| B.5.2.2 | | |
| B.5.2.3 | | |
| B.5.2.4 | | |
| B.5.2.5 | | |
| C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10) | (3,232) | (3,308) |
| C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3) | | |
| C.1.1 Common shares | | |
| C.1.2 Preferred Shares | | |
| C.1.3 Others | | |
| C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3) | | |
| C.2.1 Common shares | | |
| C.2.2 Preferred Shares | | |
| C.2.3 Others | | |
| C.3 Paid-up Capital Stock (C.3.1 + C.3.2) | 2,733,464 | 2,733,464 |
| C.3.1 Common shares | 2,733,464 | 2,733,464 |
| C.3.2 Preferred Shares | | |
| C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus | 35,394 | 34,644 |
| C.5 Minority Interest | | |
| C.6 Others, specify (C.6.1 + C.6.2 + C.6.3) | - | - |
| C.6.1 | | - |
| C.6.2 | | |
| C.6.3 | | |
| C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus | | |
| C.8 Retained Earnings (C.8.1 + C.8.2) | (2,772,090) | (2,771,416) |
| C.8.1 Appropriated | | |
| C.8.2 Unappropriated | (2,772,090) | (2,771,416) |
| C.9 Head / Home Office Account (for Foreign Branches only) | | |
| C.10 Cost of Stocks Held in Treasury (negative entry) | | |
| TOTAL LIABILITIES AND EQUITY (B + C) | 1,050 | 965 |

Contr
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ZEUS HOLDINGS, INC.

CURRENT ADDRESS: 20th Floor LKG Tower, 6801 Ayala Avenue, Makati City

TEL. NO.: 884-1106 FAX NO.: 884-1409

COMPANY TYPE : Holding Company PSIC:

*If these are based on consolidated financial statements, please so indicate in the caption.*

Table 2. Income Statement

| FINANCIAL DATA | 2012 (in P'000) | 2011 (in P'000) |
|---|---|---|
| A. REVENUE / INCOME (A.1 + A.2 + A.3+A.4) | | - |
| A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity) | | - |
| A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for | | |
| A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5) | | - |
| A.3.1 Rental Income from Land and Buildings | | - |
| A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity) | | - |
| A.3.3 Sale of Real Estate or other Property and Equipment | | |
| A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.) | | |
| A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8) | | - |
| A.3.5.1 | | - |
| A.3.5.2 | | - |
| A.3.5.3 | | - |
| A.3.5.4 | | - |
| A.3.5.5 | - | - |
| A.3.5.6 | | |
| A.3.5.7 | | |
| A.3.5.8 | | |
| A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4) | | - |
| A.4.1 Interest Income | | - |
| A.4.2 Dividend Income | | - |
| A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4) | | - |
| A.4.3.1 | | |
| A.4.3.2 | | |
| A.4.3.3 | | |
| A.4.3.4 | | |
| A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4) | | - |
| A.4.4.1 | | |
| A.4.4.2 | | |
| A.4.4.3 | | |
| A.4.4.4 | | |
| B. COST OF GOODS SOLD (B.1 + B.2 + B.3) | | - |
| B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5) | | |
| B.1.1 Direct Material Used | | |
| B.1.2 Direct Labor | | |
| B.1.3 Other Manufacturing Cost / Overhead | | |
| B.1.4 Goods in Process, Beginning | | |
| B.1.5 Goods in Process, End (negative entry) | | |
| B.2 Finished Goods, Beginning | | |
| B.3 Finished Goods, End (negative entry) | | |
| C. COST OF SALES (C.1 + C.2 + C.3) | | - |
| C.1 Purchases | | - |
| C.2 Merchandise Inventory, Beginning | | - |
| C.3 Merchandise Inventory, End (negative entry) | | - |
| D. GROSS PROFIT (A - B - C) | | - |

*NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning*

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ZEUS HOLDINGS, INC.
CURRENT ADDRESS: 20th Floor LKG Tower, 6801 Ayala Avenue, Makati City
TEL. NO.: 884-1106 FAX NO.: 884-1409
COMPANY TYPE: Holding Company PSIC:

*If these are based on consolidated financial statements, please so indicate in the caption.*

Table 2. Income Statement

| FINANCIAL DATA | 2012 (in P'000) | 2011 (in P'000) |
|---|---|---|
| E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4) | 674 | 669 |
| E.1 Selling or Marketing Expenses | | |
| E.2 Administrative Expenses | | |
| E.3 General Expenses | 674 | 669 |
| E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10) | | |
| E.4.1 | | |
| E.4.2 | | |
| E.4.3 | | |
| E.4.4 | | |
| E.4.5 | | |
| E.4.6 | | |
| E.4.7 | | |
| E.4.8 | | |
| E.4.9 | | |
| E.4.10 | | |
| F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5) | | |
| F.1 Interest on Short-Term Promissory Notes | | |
| F.2 Interest on Long-Term Promissory Notes | | |
| F.3 Interest on bonds, mortgages and other long-term loans | | |
| F.4 Amortization | | |
| F.5 Other Interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5) | | |
| F.5.1 | | |
| F.5.2 | | |
| F.5.3 | | |
| F.5.4 | | |
| F.5.5 | | |
| G. NET INCOME (LOSS) BEFORE TAX (D - E - F) | (674) | (669) |
| H. INCOME TAX EXPENSE (negative entry) | | |
| I. INCOME(LOSS) AFTER TAX | (674) | (669) |
| J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any) | | |
| J.1 | | |
| J.2 | | |
| K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST | | |
| L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | | |
| M. EARNINGS (LOSS) PER SHARE | | |
| M.1 Basic | (0.00025) | (0.00024) |
| M.2 Diluted | - | - |

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ZEUS HOLDINGS, INC.
CURRENT ADDRESS: 20th Floor LKG Tower, 6801 Ayala Avenue, Makati City
TEL. NO.: 884-1106 FAX NO.: 884-1409
COMPANY TYPE Holding Company PSIC:

*If these are based on consolidated financial statements, please so indicate in the caption.*

Table 3. Cash Flow Statements

| FINANCIAL DATA | 2012 (in P'000) | 2011 (in P'000) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income (Loss) Before Tax and Extraordinary Items | (671) | (669) |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities | | |
| Depreciation | | |
| Amortization, specify | | |
| Others, specify: | | |
| Write-down of Property, Plant, and Equipment | | |
| Changes in Assets and Liabilities: | | |
| Decrease (Increase) in: | | |
| Receivables | | |
| Inventories | | |
| Other Current Assets | (65) | (63) |
| Others, specify: | | |
| Increase (Decrease) in: | | |
| Trade and Other Payables | 9 | (29) |
| Income and Other Taxes Payable | | |
| Others, specify: | | |
| A. Net Cash Provided by (Used in) Operating Activities (sum of above rows) | (730) | (762) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| (Increase) Decrease in Amounts owed by related parties | | |
| (Increase) Decrease in Other noncurrent assets | | |
| Reductions/(Additions) to Property, Plant, and Equipment | | |
| Others, specify | | |
| B. Net Cash Provided by (Used in) Investing Activities (sum of above rows) | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from: | | |
| Loans | | |
| Long-term Debt | | |
| Issuance of Securities | | |
| Others, specify: | | |
| Cash Infusion received | 750 | 1,250 |
| Payments of: | | |
| (Loans) | | |
| (Long-term Debt) | | |
| (Stock Subscriptions) | | |
| Others, specify (negative entry): | | |
| C. Net Cash Provided by (Used in) Financing Activities (sum of above rows) | 750 | 1,250 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C) | 20 | 488 |
| Cash and Cash Equivalents | | |
| Beginning of year | 556 | 68 |
| End of year | 576 | 556 |

*NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.*

Control No.: 
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ZEUS HOLDINGS, INC.
CURRENT ADDRESS: 20th Floor LKG Tower, 6801 Ayala Avenue, Makati City
TEL. NO.: 884-1106 FAX NO.: 884-1409
COMPANY TYPE : Holding Company PSIC:

*If these are based on consolidated financial statements, please so indicate in the caption.*

Table 4. Statement of Changes in Equity

| | (Amount in P'000) | | | | | |
|---|---|---|---|---|---|---|
| FINANCIAL DATA | Capital Stock | Additional Paid-In Capital | Deposit for future stock subscription | Translation Differences | Retained Earnings | TOTAL |
| A. Balance, 2010 | 2,733,464 | 33,394 | - | - | (2,770,747) | (3,889) |
| A.1 Correction of Error (s) | | | | | | |
| A.2 Changes in Accounting Policy | | | | | | |
| B. Restated Balance | 2,733,464 | 33,394 | - | - | (2,770,747) | (3,889) |
| C. Surplus | | | | | | |
| C.1 Surplus (Deficit) on Revaluation of | | | | | | |
| C.2 Surplus (Deficit) on Revaluation of | | | | | | |
| C.3 Currency Translation Differences | | | | | | |
| C.4 Other Surplus (specify) | | | | | | |
| C.4.1 Additional paid-in capital | | 1,250 | | | | 1,250 |
| C.4.2 | | | | | | |
| C.4.3 | | | | | | |
| C.4.4 | | | | | | |
| C.4.5 | | | | | | |
| D. Net Income (Loss) for the Period | | | | | (669) | (669) |
| E. Dividends (negative entry) | | | | | | |
| F. Appropriation for (specify) | | | | | | |
| F.1 | | | | | | |
| F.2 | | | | | | |
| F.3 | | | | | | |
| F.4 | | | | | | |
| FM.5 | | | | | | |
| G. Issuance of Capital Stock | | | | | | |
| G.1 Common Stock | | | | | | |
| G.2 Preferred Stock | | | | | | |
| G.3 Others | | | | | | |
| H. Balance, 2011 | 2,733,464 | 34,644 | - | - | (2,771,416) | (3,308) |
| H.1 Correction of Error (s) | | | | | | |
| H.2 Changes in Accounting Policy | | | | | | |
| I. Restated Balance | 2,733,464 | 34,644 | - | - | (2,771,416) | (3,308) |
| J. Surplus | | | | | | |
| J.1 Surplus (Deficit) on Revaluation of | | | | | | |
| J.2 Surplus (Deficit) on Revaluation of | | | | | | |
| J.3 Currency Translation Differences | | | | | | |
| J.4 Other Surplus (specify) | | | | | | |
| J.4.1 Additional paid-in capital | | 750 | | | | 750 |
| J.4.2 | | | | | | |
| J.4.3 | | | | | | |
| J.4.4 | | | | | | |
| J.4.5 | | | | | | |
| K. Net Income (Loss) for the Period | | | | | (674) | (674) |
| L. Dividends (negative entry) | | | | | | |
| M. Appropriation for (specify) | | | | | | |
| M.1 | | | | | | |
| M.2 | | | | | | |
| M.3 | | | | | | |
| M.4 | | | | | | |
| M.5 | | | | | | |
| N. Issuance of Capital Stock | | | | | | |
| G.1 Common Stock | | | | | | |
| G.2 Preferred Stock | | | | | | |
| G.3 Others | | | | | | |
| O. Balance, 2012 | 2,733,464 | 35,394 | - | - | (2,772,090) | (3,232) |

ECURITIES AND EXCHANGE COMMISSIO

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 2013**

2. Commission identification number **102415** 3. BIR Tax Identification No **000-056-514**

**ZEUS HOLDINGS, INC.**
4. Exact name of issuer as specified in its charter

**Metro Manila, Philippines**
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

**20/F, LKG Tower, 6801 Ayala Avenue, Makati City** **1226**
7. Address of issuer's principal office Postal Code

**(632) 884-1106**
8. Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA *(as of 30 June 2013)*

| 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.**

As of 30 June 2013, total assets stood at P565,271, which is 46.18% lower from 31 December 2012. The decrease is attributable to a 92.56% reduction in cash, primarily due to payment of audit fee and operating expenses, cushioned by a 10.13% increase in input value-added tax on audit and listing fees.

During the quarter, the Company recorded a net loss of P55,503 compared to last year's P44,380. The increase is attributable to higher other operating expenses. Likewise, for the six month period, the Company posted a net loss of P354,077 compared to last year's P334,227.

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

| Ratios | Formula | 30-June-13 | 30-June-12 | 31-Dec-12 |
|---|---|---|---|---|
| Current Ratio | Current assets/ Current liabilities | 0.14:1<br>565,271 / 4,151,421 | 0.12:1<br>502,377 / 4,144,930 | 0.25:1<br>1,050,319 / 4,282,392 |
| Debt to Equity Ratio | Total liabilities/ Stockholders' equity | -1.16:1<br>4,151,421 / (3,586,150) | -1.14:1<br>4,144,930 / (3,642,553) | -1.32:1<br>4,282,392 / (3,232,073) |
| Capital Adequacy Ratio | Stockholders' equity/ Total assets | -6.34:1<br>(3,586,150) / 565,271 | -7.25:1<br>(3,642,553) / 502,377 | -3.08:1<br>(3,232,073) / 1,050,319 |
| Book value per share | Stockholders' equity/ Total # of shares | -0.00131<br>(3,586,150) / 2,733,463,907 | -0.00133<br>(3,642,553) / 2,733,463,907 | -0.0012<br>(3,232,073) / 2,733,463,907 |
| Loss per Share | Net loss/ Total # of shares | -0.00013<br>(354,077) / 2,733,463,907 | -0.00012<br>(334,227) / 2,733,463,907 | -0.00025<br>(673,747) / 2,733,463,907 |

**Current Ratio** shows the Company's ability to meet its short-term financial obligation. As of 30 June 2013, the Company has P0.14 worth of current assets for every one peso liability as compared to last year's current ratio of P0.25 for every peso of liability. The increase is attributable to settlement of various operating expenses.

**Debt to Equity Ratio** indicates the extent of the Company's debt which is covered by shareholder's fund. It reflects the relative position of the equity holders. As of 30 June 2013, the Company's equity is not sufficient to cover its liabilities. However, the major shareholder is willing to support the Company as the need arises. In addition, on 6 August 2013, the Securities and Exchange Commission issued a Certificate of Approval of Valuation of the Deposits for Future Subscription of two shareholders in the total amount of P3,580,900 as full payment for 3,580,900 shares of stock of the Company, thus substantially reducing the Company's debt.

**Capital Adequacy Ratio** is computed by dividing the Total Stockholders' Equity over Total Assets. It measures the financial strength of the Company. As of 30 June 2013, the Company's Capital Adequacy Ratio decreased to negative P6.34.

**Book Value Per Share** measures the recoverable amount in the event of liquidation if assets are realized at book value. The Company has a book value per share of negative 0.00131 as of 30 June 2013.

**Loss Per Share** is calculated by dividing net loss by the weighted average number of shares issued and outstanding. As of 30 June 2013, the Company's loss per share remained at negative 0.00013.

(B) Interim Periods

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

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

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

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

There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(iii) *Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.*

There are no known off-balance sheet transactions, arrangements, obligations (including contingent obligations), during the period.

(iv) *Material Commitment for Capital Expenditure*

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

(v) *Others*

There are no known trends, events or uncertainties that have material impact on net sales/revenues/income from continuing operations.

The Company did not recognize income or loss during the quarter that did not arise from continuing operations.

The causes for any material change from period to period, including vertical and horizontal analysis of material items, are included in Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations).

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

**SIGNATURES**

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

Issuer:

**ZEUS HOLDINGS, INC.**

By: Daisy L. Parker

**DAISY L. PARKER**
Corporate Secretary
Date: 14 August 2013

**RONALD P. SUGAPONG**
Treasurer
Date: 14 August 2013

ZEUS HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND DECEMBER 31, 2012

| | UNAUDITED JUNE 2013 | AUDITED DECEMBER 2012 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash (Note 4) | ₱42,837 | ₱575,932 |
| Input Value Added tax (Note 5) | 522,434 | 474,387 |
| **TOTAL ASSETS** | ₱565,271 | ₱1,050,319 |
| **LIABILITIES AND CAPITAL DEFICIENCY** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued expenses (Note 6) | ₱570,521 | ₱701,492 |
| Deposits for future stock subscriptions (Note 7) | 3,580,900 | 3,580,900 |
| Total Current Liabilities | ₱4,151,421 | ₱4,282,392 |
| **CAPITAL DEFICIENCY** | | |
| Capital stock | ₱2,733,463,907 | ₱2,733,463,907 |
| Additional paid-in capital | 35,393,941 | 35,393,941 |
| Deficit | (2,772,443,998) | (2,772,089,921) |
| Total Capital Deficiency | (₱3,586,150) | (₱3,232,073) |
| **TOTAL LIABILITIES AND CAPITAL DEFICIENCY** | ₱565,271 | ₱1,050,319 |

# ZEUS HOLDINGS, INC.
## STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE PERIOD ENDED JUNE 30, 2013 AND 2012

| | Three Months Period Ended | | Six Months Period Ended | |
|---|---|---|---|---|
| | June 2013 | June 2012 | June 2013 | June 2012 |
| **OPERATING EXPENSES** | | | | |
| Taxes and licenses | **₱ 1,600** | 1,600 | **₱264,840** | ₱265,140 |
| Professional fees | **21,000** | 21,000 | **42,000** | 42,000 |
| Photocopying & Reproduction | **500** | 728 | **1,000** | 1,228 |
| Other operating expenses | **32,403** | 21,052 | **46,237** | 25,859 |
| **NET LOSS FOR THE PERIOD** | **₱55,503** | ₱44,380 | **₱354,077** | ₱334,227 |
| **OTHER COMPREHENSIVE INCOME** | - | - | - | - |
| **TOTAL COMPREHENSIVE LOSS FOR THE PERIOD** | **₱55,503** | ₱44,380 | **₱354,077** | ₱334,227 |
| **Loss Per Share** | **0.00002** | 0.00002 | **0.00013** | 0.00012 |

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, 2013 AND 2012

| | June 2013 | June 2012 |
|---|---|---|
| **CAPITAL STOCK** | | |
| Balance, beginning of year | **₱2,733,463,907** | ₱2,733,463,907 |
| Issuance of shares | - | - |
| Balance, end of the period | **2,733,463,907** | 2,733,463,907 |
| **ADDITIONAL PAID-IN CAPITAL** | | |
| Balance, beginning of year | **35,393,941** | 34,643,941 |
| | - | |
| Balance, end of the period | **35,393,941** | 34,643,941 |
| **DEFICIT** | | |
| Balance, beginning of year | **(2,771,089,821)** | (2,771,416,174) |
| Net loss for the period | **(354,077)** | (334,227) |
| Balance, end of the period | **(2,772,443,998)** | (2,771,750,401) |
| **TOTAL CAPITAL DEFICIENCY** | **( ₱3,586,150)** | (₱3,642,553) |

# ZEUS HOLDINGS, INC.
## STATEMENTS OF CASH FLOWS
## FOR THE PERIOD ENDED JUNE 30, 2013 AND 2012

| | JUNE 2013 | JUNE 2012 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss representing operating loss before working capital changes: | **(₱354,077)** | (₱334,227) |
| Increase in input value added tax | **(48,048)** | (46,668) |
| Decrease in accounts payable and accrued )enses | **(130,970)** | (128,822) |
| Net Cash Used in Operating Activities | **(533,095)** | (509,717) |
| **NET DECREASE IN CASH** | **(533,095)** | (509,717) |
| **CASH AT BEGINNING OF THE YEAR** | **575,932** | 555,765 |
| **CASH AT END OF THE PERIOD** | **₱42,837** | ₱46,048 |

# ZEUS HOLDINGS, INC.
# NOTES TO FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

### *1.1 Corporate Information*

Zeus Holdings, Inc. (the Company) was incorporated in the Philippines on December 17, 1981 to engage in the purchase and sale of investments. The Company has not yet started its commercial operations as of June 30, 2013.

As of June 30, 2013 the largest stockholder of the Company is Zamcore Realty & Development Corporation which holds a 27% ownership interest in the Company.

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

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

The finance and administrative functions of the Company are being handled by a third party.

The unaudited interim financial statements of the Company for the period ended June 30, 2013 were authorized for issue by the Company's Board of Directors (BOD) and Audit Committee on August 14, 2013.

### *1.2 Status of Operations*

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

On July 13, 2009, the Company entered into an operating agreement with Olympic International Sales Corporation (Olympic) which allows the Company to explore and, if warranted, develop Olympic's mining claims in the province of Surigao del Sur. The mining claims are the subject of an Application for Production Sharing Agreement (APSA) filed by Olympic with the Mines and Geosciences Bureau (MGB). The Company can only operate the mining claims upon the approval of the APSA and issuance of the Mineral Production Sharing Agreement (MPSA) by the Department of Environment and Natural Resources (DENR). The operating agreement shall take effect for a period of 25 years from the date of issuance of MPSA (see also Note 11). As of June 30, 2013 the MPSA has not yet been issued by the DENR while the approval of the APSA is still pending with the MGB.

Moreover, on August 6, 2013, the Securities and Exchange Commission (SEC) issued a Certificate of Approval of Valuation of the Deposits for Future Subscription of two shareholders in the total amount of P3,580,900 as full payment for the 3,580,900 shares of stock of the Company.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### *2.1 Basis of Preparation of Financial Statements*

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

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

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

*(b) Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expense in a single statement of comprehensive income.

*(c) Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated (see Note 3).

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

### *2.2 Adoption of New and Amended PFRS*

*(a) Effective in 2012 that is Relevant to the Company*

In 2012, the Company adopted the amendment to PFRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets* (effective from July 1, 2011). The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Company does not usually enter into this type of arrangement with regard to transfer of financial assets; hence, the amendment did not result in any significant change in the Company's disclosures in its financial statements.

(b) *Effective in 2012 that are not Relevant to the Company*

The following amendments are mandatory for accounting periods beginning on or after July 1, 2011 or January 1, 2012 but are not relevant to the Company's financial statements:

(i) PAS 12 (Amendment), *Income Taxes – Deferred Taxes: Recovery of Underlying Assets.* The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property* should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretations Committee (SIC) 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets*, is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment* should always be measured on a sale basis of the asset. The amendment has no significant impact on the Company's financial statements as the Company has no investment properties property, plant and equipment.

(ii) PFRS 1(Amendment), *First-Time Adoption of PFRS* was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the Company's financial statements.

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

(i) PFRS 10, *Consolidated Financial Statements.* This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess. The standard is not applicable to the company as it has no subsidiaries.

(ii) PFRS 12, *Disclosure of Interest in Other Entities.* This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. The standard is not applicable to the company.

(iii) PAS 27 (Amendment), *Separate Financial Statements.* This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

(iv) PAS 28 (Amendment), *Investments in Associate and Joint Venture.* This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11, *Joint Arrangement.* The standard is not applicable to the company.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

*(d) Effective Subsequent to 2012 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Company's management does not expect this amendment to have an impact on the Company's financial statements as the Company does not have transactions recognized in other comprehensive income.

(ii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation.* The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. The Company has initially assessed that the adoption of the amendment will not have a significant impact on its financial statements.

(iii) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Company's financial statements.

(iv) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.

(v) PFRS 9 *Financial Instruments: Classification and Measurement* (effective from January 1, 2015) to be relevant to the Company and which the Company will apply in accordance with its transitional provisions. This is the first part of a new standard on financial instruments that will replace PAS 39 in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and as such, the entity shall apply measurement to the entire hybrid contract, depending on whether the contract is at fair value or amortized cost.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address certain application issues.

The Company does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on Company's financial statements and is committed to conduct a comprehensive study of the potential impact of this standard in the last quarter of 2014 before its adoption in 2015 to assess the impact of all changes.

### 2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at

FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The financial asset category that is currently relevant to the Company is Loans and Receivables (presented as Cash in the statement of financial position).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses, except when they are due within one year in which case, they are measured at their nominal values. Impairment loss is provided when there is an objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

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

The Company's input value-added tax (VAT) is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

### *2.5 Financial Liabilities*

Financial liabilities include Accounts Payable and Accrued Expenses.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest and related charges, if any, incurred on a financial liability are recognized as an expense in the statement of comprehensive income.

Accounts Payable and Accrued Expenses are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method for maturities beyond one year less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period, or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation, or expiration.

### *2.6 Deposits for Future Stock Subscriptions*

Deposits for future stock subscriptions are recorded based on the advances from stockholders and additional cash infusion from stockholders to be converted to equity.

### *2.7 Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Where time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

***2.8 Expense Recognition***

Expenses are recognized in profit or loss upon receipt of goods and utilization of services or at the date they are incurred.

***2.9 Income Taxes***

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for, using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that are charged in other comprehensive income or directly to equity are recognized in other comprehensive income or directly to equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

***2.10 Related Party Relationships and Transactions***

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

***2.11 Capital Deficiency***

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital (APIC) includes any premiums received on the initial issuance of capital stock and subsequent cash infusion from stockholders approved by the BOD to be presented as APIC. Any transaction costs associated with the issuance of shares are deducted from APIC, net of any related income tax benefits.

Deficit represents all current and prior period results as reported in profit or loss in the statements of comprehensive income.

***2.12 Loss Per Share***

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

The Company has no potentially dilutive shares, hence, no information on dilutive earnings per share is presented.

***2.13 Events After the Reporting Period***

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

*(a) Determination of Functional and Presentation Currency*

The Company has determined that its functional currency is the Philippine pesos, which is the currency of the primary economic environment in which the entity operates.

*(b) Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.7 and disclosures on relevant provisions and contingencies are presented in Note 10.

*(c) Impairment of Non-financial Assets*

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

Based on management's assessment, input VAT is fully recoverable; hence, no impairment loss was recognized on June 30, 2013.

## 4. CASH

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

## 5. INPUT VALUE ADDED TAX

Management has assessed that the balance of Input VAT is fully recoverable, thus, no impairment losses were recognized as of June 30, 2013.

## 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The composition of this account is as follows:

| | June 2013 | December 2012 |
|---|---|---|
| Accounts payable | **₱570,521** | ₱564,492 |
| Accrued professional fees | - | 137,000 |
| | **₱570,521** | ₱701,492 |

The carrying amounts recognized in the statements of financial position are considered as a reasonable approximation of their fair values.

## 7. RELATED PARTY TRANSACTIONS

### *7.1 Advances from Shareholders*

On September 30, 2008, the Company's BOD approved the conversion of all of its outstanding advances from F. Yap Securities Inc. – In Trust for Various Clients (FYSI), a stockholder, and ZHI Holdings, Inc. (ZHIHI) as of that date totaling P2,240,600 (previously presented under Due to Related Parties account) to Deposits for Future Stock Subscriptions.

In addition, on the following dates, the BOD authorized the acceptance of additional cash infusions as follows:

| Date Authorized | Amount | Month Received |
|---|---|---|
| October 24, 2012 | P 750,000 | October 2012 |
| December 29, 2011 | 550,000 | December 2011 |
| March 16, 2011 | 420,000 | March 2011 |
| January 10, 2011 | 280,000 | January 2011 |
| May 18, 2010 | 300,000 | May 2010 |
| December 18, 2009 | 350,000 | December 2009 |
| November 26, 2008 | 690,300 | December 2008 |
| Total | P 3,340,300 | |

The converted amount of advances from FYSI and ZHIHI and the additional cash infusions made by FYSI from 2008 to 2010 totaling P3,580,900 are presented as Deposits for Future Stock Subscriptions in the statements of financial position. The total cash infusion of P1,250,000 for 2011 is presented as part of APIC as of December 31, 2011.

Similarly, the additional cash infusion received from a stockholder in 2012 amounting to P750,000 is also presented as part of APIC as of December 31, 2012.

On August 6, 2013 the SEC issued a Certificate of Approval of Valuation of the Deposits for Future Subscription in the amount of P3,580,900 as full payment for 3,580,900 shares of stock of the Company.

## 8. LOSS PER SHARE

The basic loss per share is computed as follows:

| | June 2013 | June 2012 |
|---|---|---|
| Net loss | ₱ 354,077 | ₱ 334,227 |
| Divided by the weighted average number of issued and outstanding shares | 2,733,463,907 | 2,733,463,907 |
| Loss per share | ₱ 0.00013 | ₱ 0.00012 |

Diluted earnings per share were not determined since the Company does not have potential dilutive common shares as of June 30, 2013 and 2012.

## 9. EQUITY

### *9.1 Capital Stock*

On May 29, 1991, the SEC issued an Order approving the Registration Statement covering the securities which comprised the Company's entire authorized capital stock. On July 15, 1991, the Philippine Stock Exchange (PSE) approved the listing of the Company's shares. The Company offered to the public 25 million shares at an offer price of P2.20 per share.

On January 6, 1997, the SEC approved the increase of the Company's authorized capital stock from P100 million to P3 billion.

As of June 30, 2013 the Company had an outstanding capital stock of P2,733,463,907 covering 2,733,463,907 shares, all of which are listed in the PSE.

There are 820 holders of the listed shares which closed at P0.34 per share on June 28,2013.

### *9.2 Additional Paid-in Capital*

In its meeting on October 24, 2012 and December 15, 2011, the Company's BOD authorized the acceptance of additional cash infusion from a stockholder amounting to ₱750,000 and P1,250,000 to be reflected as part of APIC.

## 10. COMMITMENTS AND CONTINGENCIES

There are commitments and contingencies which are not reflected in the financial statements. As of June 30, 2013 management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Company's financial statements.

## 11. OPERATING AGREEMENT WITH OLYMPIC

Pursuant to the operating agreement with Olympic mentioned in Note 1.2, which shall take effect for a period of 25 years from the date of issuance of MPSA, the Company, in consideration of the agreement, shall pay Olympic in the form of royalties in an amount equivalent to 3% of the Net Smelter Return on metal sales. Moreover, as additional consideration for Olympic's appointment of the Company as operator of the mining claims, the Company has entered into an additional agreement with Olympic for the issuance of the Company's shares of stock from its unissued capital in favor of Olympic in accordance with the following provisions:

(a) Ten million (10,000,000) common shares shall be issued to Olympic within one month from the issuance of the MPSA
(b) Olympic shall have the option to subscribe at par, subject to applicable laws, to additional ten million (10,000,000) common shares within one year from the issuance of the MPSA; and
(c) Olympic shall have the option to subscribe at par, subject to applicable laws, to one hundred million (100,000,000) common shares within five years from the issuance of the MPSA.

The above-mentioned agreements were unanimously passed and approved by the Company's BOD during a special meeting held on July 13, 2009 and ratified by the Company's stockholders representing 83.27% of the outstanding capital stock of the Company during the annual meeting of the stockholders held on November 5, 2009.

The Company can only operate the mining claims upon the approval of the APSA and issuance of the MPSA by the DENR. As of June 30, 2013 the MPSA has not yet been issued by the DENR.

## 12. RISK MANAGEMENT OBJECTIVES AND POLICIES

As of June 30, 2013, the Company is not exposed to any financial risks as it has no significant financial instruments.

### *12.1 Credit Risk*

The Company's exposure to credit risk is limited to the amount of Cash as shown in the statements of financial position. However, the credit risk for Cash is considered negligible since the counterparty is a reputable bank with high quality external credit ratings. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to maximum coverage of P0.5 million for every depositor per banking institution.

### *12.2 Liquidity Risk*

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments.

The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and, (c) to be able to access funding when needed at the least possible cost. Funding for expenditures are advanced by the stockholders of the Company.

As of June 30, 2013 the Company's maximum liquidity risk is the carrying amount of Accounts payable and Accrued Expenses.

## 13. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern. The Company's management continues to assess possible investment opportunities and various options regarding operations that it may take in the future. The Company monitors capital on the basis of the carrying amount of equity (capital deficiency) as presented on the face of the balance sheets.

To support its business plan the Company has converted advances from related parties to deposits for future stock subscription and has received additional cash infusions which the Company intends to convert subsequently converted into capital stock.

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