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SECURITIES AND EXCHANGE COMMISSION

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Received From : Head Office

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Doc Source

Company Information

SEC Registration No. 0000013039
Company Name PACIFICA INC.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 111142016002141
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered September 30, 2016
No. of Days Late 0
Department CFD
Remarks

COVER SHEET

0 1 3 0 3 9

P A C I F I C A , I N C .

(Company's Full Name)

c / o M A N I L A H A R B O R C E N T R E ,
R - 1 0 , V I T A S , T O N D O ,
M A N I L A 1 0 1 3 , M E T R O M A N I L A
P H I L I P P I N E S

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

CRISTINA S. PALMA-GIL FERNANDEZ

Contact Person

8880999

Company Telephone Number

Month Day
Fiscal Year

SEC Form 17-Q
FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SEC NUMBER 013039
FILE NUMBER _____
PSE CODE _____

PACIFICA, INC.

(Company's Full Name)

**c/o Manila Harbour Center
R-10, Vitas, Tondo, Manila**

(Company's Address)

(632) 637-8851

(Telephone Number)

December 31

(Calendar Year Ended)

SEC FORM 17-Q

Form Type

(Amendment Designation (If Applicable))

September 30, 2016

(Period Ended Date)

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2016
2. Commission identification number 013039_ 3. BIR Tax Identification No. 000-484-693
PACIFICA, INC
4. Exact name of issuer as specified in its charter
Manila, Philippines
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
c/o Manila Harbour Center
R-10, Vitas, Tondo, Manila 1013
7. Address of issuer's principal office Postal Code
(632) 637-8851
8. Issuer's telephone number, including area code
Not Applicable
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

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common Shares	40,000,000,000

11. Are any or all of the securities listed on a Stock Exchange?
Yes [/] No []
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange Common shares
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [/] No []
- (b) has been subject to such filing requirements for the past ninety (90) days.
Yes [/] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements attached are the balance sheets as of September 30, 2016 and December 31, 2015, and the related statements of comprehensive operations, changes in stockholders' equity and cash flows for the current financial year to date, with comparative statements for the comparable year-to-date period of the immediately preceding financial year.

The interim financial reports are prepared in compliance with generally accepted accounting principles.

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

(1) Plan of Operation

Pacifica, Inc. (the "Corporation") was incorporated on September 2, 1957 to engage in the exploration, drilling and exploitation of oil, gas and other volatile substances. Its conversion into a holding company in October 6, 2000 did not result to any commercial operation due to timing and funding constraints.

In 2007, the Corporation redirected its business focus to exploration, operation, management and marketing of mining claims. Pursuant thereto, the SEC on August 31, 2007 approved its Amended Articles of Incorporation reverting its primary purpose to mineral exploration, extending the corporate life for another 50 years and changing the par value from 1.00 to 0.005.

The foregoing events are vital to permit the Corporation to engage in mineral exploration and development and other business opportunities within its purposes as may be identified by the Company.

After the Corporation renewed its corporate life in 2007 with its primary purpose as a mining company, the management started looking for mining opportunities. During the stockholders' meeting on August 14, 2009, it was approved that the Corporation shall enter an Operating Agreement with Zam-Iron Mining Corporation (Zam-Iron) granting the Corporation the exclusive right to explore, utilize and develop the Kabasalan Mining Rights for the purpose of extracting mining products. In consideration for the rights granted by Zam-Iron, the Corporation will pay Zam-Iron royalties at a stipulated price. The loan of P50 million extended by the Corporation to Zam-Iron on January 2, 2008 was applied as advanced royalty payments. Moreover, the management is continuously looking for mining opportunities and negotiating for possible investors and technical partners.

The Corporation lost its bid for Ilijan and Malaya power plants to its opponents while in the others, the bidding process was indefinitely deferred. Despite the downturns, the Corporation does not close its doors to business opportunities in power related activities.

On November 15, 2013, Zam-Iron Mining Corp. (Zam-Iron) informed the Corporation that it received a letter from the Mines and Geosciences Bureau IX stating that its office has issued an Order of Denial for mining exploration with finality. Zam-Iron's next recourse was to file an appeal to the Mines and Geosciences Bureau central office in Manila. To date, no update was given by Zam-Iron to the Company regarding the status of their application and operations.

On November 22, 2013, the Corporation informed Zam-Iron that insofar as it is concerned, Zam-Iron has failed to fulfill its obligations under the Memorandum of Agreement (MOA) signed on January 2, 2008 and Operating Agreement signed in December 2009 and is deemed in default. The Corporation demanded for the full refund of P50,000,000 prepaid royalties with interest and waived its right in the event of default to take over the operation and production of the mining operation since Zam-Iron failed to secure the necessary exploration permit.

On August 28, 2015, given that the recovery of the Corporation's receivables within the next 12 months has been deemed remote, the Board of Directors of the Corporation unanimously approved the impairment and write-off of the following items from its books of accounts: (1) accounts receivable from 9th Kingdom Investments, Inc., (2) advances to Mikro-Tech Capital, Inc; (3) prepaid royalties in favor of Zam-Iron Mining

Corporation, (4) accounts receivables from LRSI and Stradec, and (5) retained deficit. This was ratified by the stockholders during the Corporation's annual stockholders' meeting on October 16, 2015.

The Corporation is still open to acquiring mining claims, rights and power-related businesses. An increase in authorized capitalization and the invitation of strategic partners to invest in the Corporation will likewise be considered as necessary initiatives to source funds. Therefore, the Corporation is optimistic that it shall obtain sufficient funds to support its anticipated fund requirements for the next 12 months.

For the third quarter ending September 30, 2016 and calendar year ending December 31, 2015, the Corporation experienced net losses amounting to Php879,745 and Php25.559M, respectively, attributed to administrative expenses incurred and primarily because of the write-off of various uncollectible assets. In 2014, the Corporation's Php1.368M loss is attributed to provisions for probable losses and expenses incurred in view of its participation in various bidding programs where it lost. In 2013, the Corporation has experienced net loss of Php71,559,145. It has not generated any revenue in view of its participation in various biddings where it lost.

For the year ending December 31, 2015 and 2014, the Corporation's net losses were Php25.559 million and Php1.37 million, respectively. For year 2013, Php50 million and Php20 million of the total net losses represented provision for probable losses on prepaid royalties and provision for doubtful accounts. The remaining Php1.56 million administrative expenses could be largely attributed to bidding related expenses incurred in the previous year. Moreover, in 2014 and 2013, revenues were not generated and material losses of PPHp1,368,043 and Php71,559,145, respectively, were experienced in view of allowance for probable losses on royalties and allowance for doubtful accounts in 2013.

Key Performance Indicators of the Company

Since the Company has no commercial operation to date and has not generated revenues for the current period ending September 30, 2016 and fiscal years ending December 31, 2015 and 2014, it posted losses. Losses for the current period being reported and fiscal years December 31, 2015 and 2014 are attributed to administrative expenses incurred. The table sets forth the comparative key performance indicators of the Company for the current interim period with comparative figures for the periods ending September 30, 2016 and 2015, December 31, 2015 and 2014:

	September 30, 2016	December 31, 2015	September 30, 2015	December 31, 2014
Total Revenues	0	0	0	649
Net Loss	879,745	25,558,722		1,368,043
Total Current Assets	483,098	234,529		31,878,120
Other Non-Current Assets	0	0		0
Plant, Property and Equipment	0	0		83,800
Total Assets	483,098	234,529		31,961,920
Current Liabilities	2,242,649	796,200		6,964,869
Stockholders' Equity	(1,759,551)	(561,671)		24,997,051
Total Liabilities & Stockholders' Equity	483,098	234,529		31,961,920
Current Ratio	0.215	0.295		4.580
Solvency Ratio	0.215	0.295		0.218
Debt to Equity Ratio	1.275	1.417		0.279

(a) Net loss for the quarter ending September 30, 2016 resulted to Php 879,745 given that administrative expenses have been kept minimum during the recent quarter. Compared to the December 31, 2015 performance, the net loss during the recent quarter is a decrease by Php24,678,977 due to the ultimate impairment and write-off recorded in 2015 of the various uncollectible accounts. Net loss for the period ending December 31, 2014 materially decreased from 2013 of the same period due to allowance for probable losses, provision for doubtful accounts and other administrative expenses incurred.

(b) Stringent controls are utilized on incurring expenses. Management maintains a generally cautious stance in identifying mining opportunities in order to maximize the Corporation's gross margin. Consequently,

Management has taken a conservative stand in approving any mining or power-related activity which the Corporation engaged in 2014 and 2013 and may potentially engage in the next twelve months.

(c) *Working Capital Ratio or Current Ratio* – This will measure how liquid the corporation is and its ability to meet its current obligations. It is computed by dividing total current assets with the total current liabilities.

(d) *Debt Management Ratio or Solvency Ratio* – This is computed by dividing the total liabilities by the total assets.

(e) *Debt Equity Ratio* – This will explain the relationship between how the assets were financed by the Corporation's creditors and its stockholders. This is computed by dividing the total liabilities over the stockholders' equity.

By comparing accounts in the Balance Sheets and Statements of Operations for the interim period ending September 30, 2016 with comparable data for December 31, 2015 and interim period from preceding year, the following are the material changes and their causes:

Changes in Financial Condition

(a) Current Assets

The increase of Current Assets, as of September 30, 2016 and December 31, 2015 of Php248,68 is attributable to input tax and advances subject to liquidation.

(b) Property and Equipment

There have no acquisition of property and equipment in 2016, 2015 and 2014.

(d) Current Liabilities

The current liabilities increased to Php2,242,649 as of September 30, 2016 and Php796,200 as of December 31, 2015, from Php104,227 as of September 30, 2015, due mainly to administrative payables being paid by a related party.

(e) Deficit

Comprehensive losses as of September 30, 2016 and for fiscal years ending December 31, 2015 and 2014 contribute to the Deficit. While recent losses are attributable to administrative expenses, the losses in previous years represent bidding related and administrative expenses. This Retained Deficit was also increased upon impairment and write-off of various uncollectible assets as determined by the Board on August 28, 2015 and ratified by the stockholders on October 16, 2015.

Changes in Operating Results

The Corporation has not yet started commercial operations. There was no mining activities or exploration as of September 30, 2016. The exploration works for Zam-Iron have not yet been commenced. On November 15, 2013, Zam-Iron received a letter from the Mines and Geosciences Bureau IX stating that their office has issued an Order of Denial for mining exploration with finality. Zam-Iron's next recourse would be to file an appeal to the Mines and Geosciences Bureau central office in Manila. The Company demanded for the full refund of Php50,000,000 prepaid royalties with interest and waived its right in the event of default to take over the operation and production of the mining operation. The Company has determined that its prepaid royalties to Zam-Iron may no longer be realized, accordingly, the Company provided full allowance for probable losses for the prepaid royalties in 2013. The carrying value of prepaid royalties amounted to nil as of December 31, 2014 and 2013. The Company thereafter deemed that the recovery of the Company's receivables as remote. The Board of Directors on August 28, 2015 unanimously approved the impairment and write-off of the following items from its books of accounts: (1) accounts receivable from 9th Kingdom Investments, Inc., (2) advances to Mikro-Tech Capital, Inc; (3) prepaid royalties in favor of Zam-Iron Mining Corporation, (4) accounts receivables

from LRSI and Stradec, and (5) retained deficit. This was ratified by the stockholders during the annual stockholders' meeting on October 16, 2015.

Net loss for the quarter ending September 30, 2016 resulted to Php879,745 or a 100% increase from last year of the same period given that administrative expenses have been kept minimum during the recent quarter. Compared to the December 31, 2015 performance, the net loss during the recent quarter is a decrease by Php24,678,977 due to the impairment and write-off recorded in 2015 of the various uncollectible accounts. Net loss for the period ending December 31, 2014 materially decreased from 2013 of the same period due to allowance for probable losses, provision for doubtful accounts and other administrative expenses incurred.

A significant increase in losses in 2014 versus 2013 was due to provision for probable losses and allowance for doubtful accounts. The Corporation has not participated in bidding activities during the year.

Material Events and Uncertainties

For the interim periods, the Corporation has nothing to report on the following other than the disclosures mentioned in the notes to financial statements and discussed above:

(i) Any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Corporation's liquidity increasing or decreasing in any material way.

(ii) Events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of obligation. The Corporation is not in default or in breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments. The Company has no trade payables and there is no significant amount in its other payables that has not been paid within the stated terms.

(iii) Material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities or other persons created during the reporting period. - A disclosure is made in Notes 11 and 12 to Financial Statements and in the Company plan of operation.

(iv) Any material commitment for capital expenditures.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues, income from continuing operations.

(vi) Any significant elements of income or loss that did not arise from the issuer's continuing operations.

(vii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

PART II – OTHER INFORMATION

Other than the additional disclosures discussed below, there are no information not disclosed in SEC Form 17-C prior to preparation of this report:

- i. The discussion in item 11 of the Notes to Financial Statements shall be consistent for the interim period being reported. The Company's financial instruments still pertain to cash, advances to related parties, accounts payable and accrued expenses resulting from Company's operations. The main purpose of these financial instruments is to fund the Company's administrative costs while it has no commercial operations yet.
- ii. The discussion on item 2 of the Notes to Financial Statements as to Amendments to PAS 1, *Presentation of Financial Statements*, shall be consistent for the interim period being reported. As the Company has no other comprehensive income, the Company has elected to present one statement of comprehensive income.

- iii. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.
- iv. The Company has no significant seasonality or cyclicity in its business operations that would have a material effect on the financial condition or results of operations.
- v. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.
- vi. There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.
- vii. There are no issuances, repurchases, and repayments of debt and equity securities this interim period.
- viii. There are no dividends paid (aggregate or per share) separately for ordinary shares and other shares.
- ix. Segment reporting is not applicable to the Company.
- x. There are no material events subsequent to the end of the interim period that have not been reflected in the unaudited financial statements for the interim period.
- xi. There is no effect in changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discounting operations.
- xii. There are no changes in contingent liabilities or contingent assets since the last annual balance sheet.
- xiii. There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

PACIFICA, INC.**BALANCE SHEETS**

September 30, 2016 (Unaudited) and December 31, 2015 and 2014 (Audited)

	Unaudited September 30, 2016	Audited December 31, 2015	Audited December 31, 2014
ASSETS			
Current Assets			
Cash in banks	152,253	100,865	104,227
Prepaid Expenses	133,844	133,844	-
Input taxes	147,001		
Advances subject to liquidation	50,000		
Due from related parties	-		31,773,893
Total Current Assets	483,098	234,529	31,878,120
Noncurrent Assets			
Furniture, fixtures and equipment (Note 5)	-	-	83,800
Total Noncurrent Assets	-	-	83,800
TOTAL ASSETS	483,098	234,529	31,961,920
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other liabilities (Note 6)	-		6,964,869
Due to a related party	2,242,649	662,354	
Income tax payable	-	133,844	
Total Current Liabilities	2,242,649	796,198	6,964,869
Equity			
Capital stock - P0.005 par value (Note 7)			
Authorized - 40,000,000,000 shares			
Issued and outstanding - 39,965,000,000 total shares held by all stockholders (except 1) as of Sept. 30, 2016 and Dec. 31, 2015	199,825,000	199,825,000	199,825,000
Subscribed and partially paid - 35,000,000 shares as of Sep 30, 2016 and Dec. 31, 2015 held by one (1) stockholder	175,000	175,000	175,000
Subscriptions receivable	(116,667)	(116,667)	(116,667)
Additional paid-in capital	10,163,756		10,163,756
Deficit	(211,806,640)	(210,608,758)	(185,050,037)
Total Equity	(1,759,551)	(561,669)	24,997,052
TOTAL LIABILITIES AND EQUITY	483,098	234,529	31,961,920

See accompanying Notes to Financial Statements.

PACIFICA, INC.**STATEMENTS OF COMPREHENSIVE INCOME**

For the 9 months period ended September 30, 2016, 2015 and 2014 (Unaudited)

	9 mos. Jan-Sep, 2016	9 mos. Jan-Sep, 2015	9 mos. Jan-Sep, 2014
INCOME			
Interest income	-	-	-
	-	-	-
EXPENSES			0
Impairment of due from related parties	-	-	-
Professional fees (Note 1)	1,113,009	-	80,896
Membership, association dues and fees	19,000	-	-
Salaries and wages	-	-	180,187
Transportation and travel	6,427	-	180,743
Rent	-	-	135,000
Representation and entertainment	-	-	279
Utilities	539	-	34,200
Taxes and licenses	-	-	500
Supplies	1,158	-	-
Depreciation (Note 5)	-	-	-
Impairment of prepaid royalties and input VAT	-	-	-
Loss on write of furniture, fixtures and equipment	-	-	-
Others	59,916	-	301,384
	1,200,049	-	913,189
NET LOSS	1,200,049	-	913,189
OTHER COMPREHENSIVE INCOME	2,167	-	-
TOTAL COMPREHENSIVE LOSS	1,997,882	-	913,189
BASIC/DILUTED LOSS			
PER SHARE (Note 10)	0.0000299	0.000000	0.0000228

PACIFICA, INC.**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

As at September 30, 2016, 2015 and 2014 (Unaudited)

	Capital Stock (Notes 7)		Subscriptions	Additional		
	Issued	Subscribed	Receivable	Paid-in Capital	Deficit	Total
			(Note 7)	(Note 7)		
BALANCES AT DECEMBER 31, 2013	199,825,000	175,000	(116,667)	10,163,756	(183,681,994)	26,365,094
Collection of subscriptions receivable	-	-	-	-	-	-
Issuance of capital stock	-	-	-	-	-	-
Net loss from Jan to Sep 2014	-	-	-	-	(913,189)	(913,189)
BALANCES AT Sep 30, 2014	P199,825,000	P 175,000	(P 116,667)	P 10,163,756	(P 184,595,183)	P 25,451,905
BALANCES AT DECEMBER 31, 2014	199,825,000	175,000	(116,667)	10,163,756	(185,050,037)	24,997,051
Collection of subscriptions receivable	-	-	-	-	-	-
Issuance of capital stock	-	-	-	-	-	-
Write-off charged to Retained Deficit	-	-	-	-	-	-
Net loss from Jan to Sep 2015	-	-	-	-	(24,892,825)	(24,892,825)
BALANCES AT Sep 30, 2015	199,825,000	175,000	(116,667)	10,163,756	(209,942,862)	104,227
BALANCES AT DECEMBER 31, 2015	199,825,000	175,000	(116,667)	10,163,756	(210,608,758)	(561,669)
Collection of subscriptions receivable	-	-	-	-	-	-
Issuance of capital stock	-	-	-	-	-	-
Net loss from Jan to Sep 2016	-	-	-	-	(1,197,882)	(1,197,882)
BALANCES AT Sep 30, 2016	199,825,000	175,000	(116,667)	10,163,756	(211,806,640)	(1,759,551)

PACIFICA, INC.**INTERIM STATEMENTS OF CASH FLOWS**

For the 9 months period ended September 30, 2016, 2015 and 2014 (Unaudited)

	Sep 30, 2016	Sep 30, 2015	Sep 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	(1,197,882)	-	(913,189)
Impairment of receivables	-	-	-
Gain on reversal of payables	-	-	-
Loss on write-off of furniture, fixtures and equipment	-	-	-
Adjustment for depreciation (Note 5)	-	-	-
Unrealized foreign exchange	(2,167)	-	-
Provision for probable losses on input tax	-	-	-
Interest Income	-	-	-
Provision for doubtful accounts	-	-	-
Operating loss before working capital changes	(1,200,049)	-	(711,987)
Decrease (increase) in:			
Input taxes	(147,001)	-	(9,643)
Advances for liquidation	(50,000)	-	-
Increase (decrease) in accounts payable and accrued expenses	-	-	(100,686)
Decrease in prepaid expenses	-	-	-
Decrease in due to related parties	-	-	-
Increase in due to a related party	1,580,293	-	-
Decrease in income tax payable	(133,844)	-	-
Net cash used in operating activities	49,400	-	(1,023,518)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in amounts due from related parties	-	-	1,023,518
Net cash from (used in) investing activities	-	-	1,023,518
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivables (Note 7)	-	-	-
Increase (decrease) in amounts due to related parties	-	-	-
Net cash from financing activities	-	-	-
EFFECT OF EXCHANGE RATE CHANGES ON CASH	2,167	-	-
NET INCREASE (DECREASE) IN CASH IN BANKS	49,189	-	-
CASH IN BANKS, BEGINNING	100,686	104,227	111,982
CASH IN BANKS, END	152,253	104,227	111,982

See accompanying Notes to Financial Statements.

PACIFICA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Status of Operations

Corporate Information

Pacifica, Inc. (the Company), a publicly-listed domestic corporation, was incorporated in the Philippines on September 2, 1957.

In 2007, the Company renewed its corporate life with the Securities and Exchange Commission (SEC) with its primary purpose to engage in exploration, development, and exploitation of mineral resources. Also, the Company is allowed to engage in gas, oil and power-related activities as its secondary purposes.

The Company's registered office address is Manila Harbour Centre, R-10, Vitas, Tondo, Manila.

Status of Operations

On December 28, 2009, the Company entered into an operating agreement with Zam-Iron Mining Corporation (Zam-Iron). Zam-Iron granted the Company an exclusive right to explore, utilize and develop Kabasalan Mining Rights (see Note 4).

In 2010, the Company participated in the bidding conducted by Power Sector Assets and Liabilities Management Corporation (PSALM) for the appointment as independent power producer administrator for the contracted capacity of (a) the Ilijan Combined Cycle Power Plant at Ilijan, Batangas City, (b) the Malaya Thermal Power Plant at Pililia, Rizal, (c) the Unified Leyte Geothermal Power Plant at Tongonan, Leyte, and (d) the Naga Power Plant Complex (Cebu Thermal Power Plant 1 & 2) at Naga, Cebu and a joint venture project with R-II Builders, Inc., and the contracted lease, operation and maintenance of the Subic Diesel Power Plant (SDPP) at Causeway Extension, Subic Bay, Freeport Zone. Unfortunately, the Company's bid for Ilijan and Malaya power plants fell short and it lost the bidding to other rival companies while in the others, the bidding process did not materialize. In 2011, the Company did not participate in any bidding conducted by PSALM.

Losses in 2010 represent expenses for the conduct of bidding and administrative expenses incurred.

To generate funds to be used for the acquisition or purchase of mining claims, rights and businesses as may be identified by the Corporation, the BOD approved on July 9, 2009 the call for payment of unpaid subscriptions, which was extended until March 10, 2010. On April 6, 2010, the BOD approved the extension of the call for payment from March 10, 2010 to June 10, 2010.

On June 21, 2011, pursuant to the approval by the BOD, a delinquency sale was held for all 14,619,784,000 delisted delinquent shares in accordance with the provisions of the Corporation Code of the Philippines and the Securities Regulation Code, the results of which were reported to the SEC and the Philippine Stock Exchange. This is the Company's confirmation of management's initiative to source funds. The delinquency sale was undertaken by the Company in its principal office and in the presence of a Notary Public. Pursuant to the rules of the delinquency sale, payment of the winning bid shall be made on or before August 4, 2011. As of the date of this report, all winning bidders have fully paid their bids and have been issued certificates of stock.

Infusion of funds from the auction of delinquent shares held on June 21, 2011 have been used to satisfy the cash requirements for the acquisition or purchase of mining claims, rights and power related business as may be cautiously identified by the Corporation.

The recovery of the Corporation's receivables within the next twelve (12) months has been deemed remote. On August 28, 2015, the Board of Directors unanimously approved the impairment and write-off of the following items from its books of accounts: (1) accounts receivable from 9th Kingdom Investments, Inc., (2) advances to Mikro-Tech Capital, Inc; (3) prepaid royalties in favor of Zam-Iron Mining Corporation, (4) accounts receivables from LRSI and Stradec, and (5) retained deficit which was ratified by the stockholders during its annual stockholders' meeting on October 16, 2015.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The financial statements of the Company were prepared on a historical cost basis and are presented in Philippine peso, which is the Company's functional and presentation currency.

Statement of Compliance

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) interpretations which were adopted as of January 1, 2011.

The amended standard below that became effective as of January 1, 2011 is relevant on the Company's financial statements.

- *PAS 24, Related Party Transactions (Amendment)*
PAS 24 clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any significant impact on the financial position or performance of the Company.

The following new and amended standards and interpretations are not relevant to the Company and did not have any significant impact on the financial position or performance of the Company.

- *PAS 32, Financial Instruments: Presentation (Amendment)*
- *Amendment to Philippine Interpretation IFRIC 13, Customer Loyalty Programmes*
- *Philippine Interpretation IFRIC 14, Prepayments of a Minimum Funding Requirement (Amendment)*
- *Philippine Interpretation IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments*
Improvements to PFRS (issued in 2010)
Improvements to PFRS, an omnibus of amendments to standards, deal primarily with a view to remove inconsistencies and clarify wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any significant impact on the financial position or performance of the Company.
- *PFRS 7, Financial Instruments - Disclosures*
The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.
- *PAS 1, Presentation of Financial Statements*
The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements.

Other amendments resulting from the 2010 Improvements to PFRS to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

- *PFRS 3, Business Combinations*
- *PAS 27, Consolidated and Separate Financial Statements*

- PAS 34, *Interim Financial Statements*

New Interpretations and Amendments to
Existing Standards Effective Subsequent to December 31, 2011

The Company will adopt the following amendments and interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

Effective in 2012

- PAS 12, *Income Taxes - Recovery of Underlying Assets*
The amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property* should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 always be measured on a sale basis of the asset.
- PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

Effective in 2013

- PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income*
The amendments to PAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified.
- PAS 19, *Employee Benefits (Amendment)*
Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company is currently assessing the impact of the amendment to PAS 19.
- PAS 27, *Separate Financial Statements (as revised in 2011)*
As a consequence of the new PFRS 10, *Consolidated Financial Statements* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.
- PAS 28, *Investments in Associates and Joint Ventures (as revised in 2011)*
As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.
- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more

appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) as previously mentioned.

The amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013. The amendment affects disclosures only and has no impact on the Company's financial position or performance.

- **PFRS 10, Consolidated Financial Statements**
PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in Standards Interpretation Committee (SIC)-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.
- **PFRS 11, Joint Arrangements**
PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.
- **PFRS 12, Disclosure of Interests with Other Entities**
PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.
- **PFRS 13, Fair Value Measurement**
PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance.
- **Philippine Interpretation IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine**
This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs") and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset.

Effective in 2014

- **PAS 32, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities**
These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Company, any

changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The Company is currently assessing impact of the amendments to PAS 32.

Effective in 2015

- *PFRS 9, Financial Instruments: Classification and Measurement*
PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Effectivity yet to be determined

- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Financial Assets and Financial Liabilities

Date of recognition

The Company recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments

All financial assets and financial liabilities are recognized initially at fair value, except for securities at fair value through profit and loss (FVPL) which includes transaction costs.

The Company classifies its financial assets in the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available for sale (AFS) financial assets. The Company also classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instruments or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2014 and 2013, the Company has no financial assets and financial liabilities at FVPL, HTM investments and AFS financial assets.

Determination of fair values

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Day 1 difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a Day 1 difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

The Company's cash in banks and due from related parties are classified under this category

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Other financial liabilities are classified as current liabilities when it is expected to be settled within 12 months from the balance sheet date or the Company does not have an unconditional right to defer settlement of the liabilities for at least 12 months from the balance sheet date.

The Company's accrued expenses and other liabilities and due to related parties are classified under this category.

Impairment of Financial Assets

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the financial asset is included in a group of financial assets with similar credit risk

characteristics and that group of financial assets is collectively assessed for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in profit or loss. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- ☐ the right to receive cash flows from the financial asset has expired; or
- ☐ the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- ☐ the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

Where the Company has transferred its right to receive cash flows from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Embedded Derivatives

An embedded derivative is separated from the host financial or non-financial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized at FVPL.

The Company assesses whether embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets at FVPL. Changes in fair values are included in profit or loss.

As of September 30, 2016 and December 31, 2015, the Company has no embedded derivatives.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related financial assets and liabilities are presented gross in the balance sheet.

Prepaid Royalties

Prepaid royalties represent advance royalties for the rights granted to the Company for the exploration, utilization and development of Kabasalan Mining Rights, pursuant to an operating agreement, and is carried at the carrying value of the previous loan less any impairment loss (see Note 4). Impairment loss is recognized when the project is permanently abandoned, related permits of the exploration are expired or there are no definite plans for further exploration or development.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment is stated at cost less accumulated depreciation and any impairment in value.

The cost of furniture, fixtures and equipment consists of the acquisition cost and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the furniture, fixtures and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to profit or loss in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of furniture, fixtures and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of furniture, fixtures and equipment.

Depreciation commences once the furniture, fixtures and equipment are available for use and computed using the straight-line method over the estimated useful lives of the assets ranging from four to five years.

The useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of furniture, fixtures and equipment.

An item of furniture, fixtures and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the year the item is derecognized.

Impairment of Nonfinancial Assets

The carrying values of the furniture, fixtures and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Capital Stock

Capital stock is measured at par value for all shares issued and outstanding. Incremental cost incurred that are directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account.

Subscribed Capital Stock and Subscriptions Receivable

Subscribed capital stock is measured at the subscription price for all shares subscribed.

The unpaid portion of the subscribed shares is presented as "Subscriptions receivable" and is measured at subscription price for all shares subscribed less any amount collected. Subscriptions receivable is presented as reduction from the related subscribed capital in the equity section of the balance sheet.

Deficit

Deficit represents the cumulative debit balance of net income or loss, effects of changes in accounting policy and other capital adjustments.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest income is recognized as the interest accrues using effective interest rate method.

Expenses

Expenses, which include the cost of administering the business, are recognized as incurred.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and net operating loss carryover (NOLCO), but only to the extent that it is probable that future taxable profits will be available against which the deferred income tax assets can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income 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 balance sheet date.

Value-added tax (VAT)

Expenses and assets are recognized net of the amount of VAT except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from the taxation authority is presented as “Input taxes” in the balance sheet and is initially recorded at face value. A review of input VAT is made on a continuing basis to determine the adequacy of the valuation allowance at each balance sheet date.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the financial statements but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Segment Reporting

The Company is engaged in mineral exploration and considers such as its primary activity and only operating segment. The President, which is considered as the chief operating decision maker, monitors the operating results of the Company.

Basic Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) for the year by the weighted average number of ordinary shares outstanding during the year and adjusted to give retroactive effect to any stock split during the year. Outstanding shares include issued and subscribed shares.

The Company has no instrument that has a dilutive effect.

Events After the Balance Sheet Date

Post year-end events that provide additional information about the Company’s position at the balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In preparing the Company’s financial statements, management has made its best judgments and estimates of certain amounts, giving due consideration to materiality. The estimates and assumptions used in the financial statements are based upon management’s evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from these estimates, and such estimates will be adjusted accordingly when the effects become determinable.

Judgment

Classification of financial instruments

The Company classifies financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of the instruments. The Company determines the classification at initial recognition and re-evaluates this designation at every balance sheet date.

Recognition of deferred income tax assets

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. No deferred income tax assets were recognized as of

September 30, 2015 and December 31, 2014 since management believes that taxable income will not be available against which the deferred income tax assets can be used (see Note 8).

Estimation

Estimation of allowance for bad debts

Provisions are made for accounts specifically identified to be doubtful of collection. The Company determines the allowance for bad debts appropriate for significant advances on an individual basis. Items considered when determining allowance for bad debts include historical collection experience, counterparty's ability to improve performance once a financial difficulty has arisen, and other factors that affect the collectibility of each accounts. Allowances are also assessed collectively for advances that are not individually significant and for individually significant advances when there is no objective evidence of individual impairment. Allowances are evaluated on each reporting date. The carrying values of due from related parties as of September 30, 2015 and December 31, 2014 amounted to ₱50,803,106 and ₱ 51,773,897, respectively. Allowance for bad debts amounted to nil and ₱2,007,347 as of September 30, 2015 and December 31, 2014 (see Note 9).

Estimation of allowance for probable losses

The Company estimates the level of provision for probable losses on input taxes based on past experience of the Company and management's action to recover such input taxes. Management has not historically filed for refund of their input taxes. Accordingly, as of December 31, 2014 and 2013, the Company's input taxes which are fully provided with allowance for probable losses amounted to ₱1,563,129 and ₱1,550,272 as of December 31, 2014 and 2013, respectively.

Determination of impairment of prepaid royalties

The Company determines whether prepaid royalties are impaired when certain indicators exist.

The Company has determined that the recovery of the corporation's receivable has been deemed remote after the Office of the Mines and Geosciences Bureau IX has issued an Order of Denial for mining exploration with finality. Thus, the Board of Directors unanimously approved the impairment and write-off of prepaid royalties in favor of Zam-Iron Mining Corporation. Zam-Iron's next recourse is to file an appeal to the Mines and Geosciences Bureau central office in Manila. The carrying value of prepaid royalties amounted to nil as of December 31, 2014 and in 2013 amounted to ₱50,000,000. (see Note 4).

4. Prepaid Royalties

Prepaid royalties represent advance royalty payments by the Company to Zam-Iron under an operating agreement entered into on December 28, 2009.

The operating agreement grants the Company the exclusive right to explore, utilize and develop the Kabasalan Mining Rights for the purpose of extracting mining products. In consideration for the rights granted by Zam-Iron, the Company will pay Zam-Iron royalties at a stipulated price.

The loan granted by the Company to Zam-Iron in 2008 under a memorandum of agreement (MOA) amounting to ₱50,000,000 was applied as advance royalty payments by the Company to Zam-Iron, classified as "Prepaid royalties" in the balance sheets.

In the said 2008 MOA, the Company granted Zam-Iron a loan of ₱50,000,000 which shall be utilized by the latter for the exploration, development, and utilization of the Kabasalan Mining Rights, which covers potential gold, silver and iron deposits in Kabasalan and Siay, Zamboanga Sibugay Province. The loan bore interest rate of 15% per annum and to be repaid not later than June 2008. The loan was secured by a pledge of issued and outstanding shares of Zam-Iron's stockholders and the Company was given an option to purchase 50% of all mineral production output from Kabasalan Mining Rights for a period of five years beginning on the first year of commercial production.

On November 15, 2013, Zam-Iron Mining Corp. (Zam-Iron) informed the Corporation that they received a letter from the Mines and Geosciences Bureau IX stating that their office has issued an Order of Denial for mining exploration with finality. Zam-Iron's next recourse is to file an appeal to the Mines and Geosciences

Bureau central office in Manila. To date, no update was given by Zam-Iron to the Company regarding the status of their application and operations.

On November 22, 2013, the Company informed Zam-Iron that insofar as the Company is concerned, Zam-Iron has failed to fulfill its obligations under the Memorandum of Agreement (MOA) signed on January 2, 2008 and Operating Agreement signed in December 2009 and is deemed in default. The Company demanded for the full refund of P50,000,000 prepaid royalties with interest and waived its right in the event of default to take over the operation and production of the mining operation since Zam-Iron failed to secure the necessary exploration permit.

On August 28, 2015, the Board of Directors unanimously approved, among others, the impairment and write-off of prepaid royalties in favor of Zam-Iron Mining Corporation which was later ratified by the stockholders during its annual stockholders' meeting on October 16, 2015.

5. Furniture, Fixtures and Equipment

	Sep 30, 2016		Dec 31, 2015	
Cost				
Beginning balances	P	-	P	83,800
Impairment/Write-off		-		(83,800)
Ending balances		0		0
Accumulated Depreciation				
Beginning balances		-		-
Impairment/Write-off		-		-
Ending balances		0		0
Net Book Value	P	0	P	0

6. Accrued Expenses and Other Liabilities

	Sep 30, 2016		Dec 31, 2015	
Accrued professional fees	P	0	P	0
Payable to government agencies		-		-
Other accrued expenses		-		-
Impairment/Write-off		-		-
	P	0	P	0

7. Capital Stock

Capital stock as of September 30, 2016 and 2015 consists of:

	Shares		Amount	
	Sep 2016	Sep 2015	Sep 2016	Sep 2015
Capital Stock – P0.005 par value				
Authorized	<u>40,000,000,000</u>	<u>40,000,000,000</u>	<u>P 200,000,000</u>	<u>P 200,000,000</u>
Issued and subscribed	<u>39,965,000,000</u> <u>35,000,000</u>	<u>39,965,000,000</u> <u>35,000,000</u>	<u>P 199,825,000</u> <u>175,000</u>	<u>P 199,825,000</u> <u>175,000</u>
Subscriptions receivable-		<u>-</u>	<u>(116,667)</u>	<u>(116,667)</u>
	<u>40,000,000,000</u>	<u>40,000,000,000</u>	<u>P 199,883,333</u>	<u>P 199,883,333</u>

The following tables show the movements in the number of outstanding shares:

Issued and subscribed shares:

At December 31, 2015
40,000,000,000
Issuance of capital stock
0

At Sep 30, 2016
40,000,000,000

8. Income Taxes

As of December 31, 2015, the status of the Company's NOLCO is as follows:

Year Incurred	Amount	Expired	Balance as of December 31, 2015	Available Until
2015	66,943,529		66,943,529	2018
2014	₱1,349,191	₱-	₱1,349,191	2017
2013	1,552,932	-	1,552,932	2016
2012	1,458,658	(1,458,658)	-	2015
2011	2,742,697	(2,742,697)	-	2014
	₱74,047,007	(₱4,201,355)	₱69,845,652	

9. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Company discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.

The Company entered into transactions with related parties principally consisting of noninterest-bearing intercompany advances to and from related parties. The details as of September 30, 2016 and December 31, 2015 follow:

The Company's related parties include its stockholders as described below.

The summary of the Company's transactions and outstanding balances in with its related parties is as follows:

Related Party Category	Amount of Transactions		Outstanding Balance	
	Sep 2016	2015	Sep 2016	2015
Stockholders:				
Mikro-Tech Capital, Inc. (MTCI)				
Advances	P -	P -	P -	P -
Accommodation payments	-	1,148,607	-	-
Write-off	-	30,625,286	-	-
9th Kingdom				
Advances	-	-	-	-
Write-off	-	20,000,000	-	-
iHoldings, Inc.				
Accommodation payments	1,580,293	662,356	2,242,640	662,356

9.1 Due from Related Parties

MTCI bills the Company for its share in rent, association dues and utilities amounting to P1,148,607 and P1,289,632 in 2015 and 2014, respectively and is offset against the advances of the Company to MTCI. In 2015, management has assessed that the outstanding balance of MTCI, after offsetting of payables amounting to P30,625,286 will no longer be recovered and as such was provided with 100% allowance for impairment (see Note 11). In 2013, the Company provided 100% allowance on receivables from 9th Kingdom amounting to P20,000,000 (see Note 11).

In 2015, the outstanding balance of the receivables from MTCI and 9th Kingdom were written off against the related allowance for impairment after obtaining approval from the BOD and stockholders during the annual stockholders meeting of the Company on October 16, 2015.

9.2 Due to a Related Party

As of September 30, 2016, 2016, iHoldings, Inc. has accommodated certain expenses on behalf of the Company. Such amount is presented as Due to a Related Party.

10. Basic/Diluted Loss Per Share

Basic/diluted loss per share is computed as follows:

	Sep 30, 2016	Dec 31, 2015	Dec 31, 2014
Net loss	P 1,197,882	P 25,558,722	P1,368,043
Weighted average number of outstanding shares	40,000,000,000	40,000,000,000	40,000,000,000
Basic/diluted loss per share	P0.00000299	P 0.0000639	P0.0000342

The Company has no potentially dilutive common shares as of September 30, 2016, December 31, 2015 and December 31, 2014. Thus, the basic loss and diluted loss per share amounts are the same as of those dates.

11. Financial Risk Management Policies and Objectives

The Company's principal financial instruments pertain to cash in banks, due from and to related parties, and accrued expenses and other liabilities. These financial instruments arise directly from the Company's operations. The main purpose of these financial instruments is to fund the Company's administrative costs.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees on certain policies for managing some of these risks as summarized below:

Credit Risk

Credit risk is the risk that the Company incurs a loss because its counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures to such limits. The Company has no significant concentration of credit risk with any single entity.

With respect to credit risk arising from financial assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying values of these instruments.

Cash in banks are classified as *High grade* since these are deposited and invested with reputable banks and can be withdrawn anytime.

High grade receivables pertain to those receivables from clients or customers that consistently pay before the maturity date. *Standard grade* includes receivables and advances that are collected on their due dates even without an effort from the Company to follow them up. *Past due and impaired* are those that are long-outstanding and have been provided with allowance for bad debts.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligation when they fall due. To limit this risk, the Company's stockholders provide the necessary funds when the need arises.

Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuations in market interest rates (fair value interest rate risk), market prices (equity price risk) and foreign exchange rates (currency risk) whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Fair value

The carrying amounts of cash in banks, due from and to related parties and accrued expenses and other liabilities approximate their fair values because of their short-term nature.

12. Capital Management

The Company maintains a capital base to cover risks inherent in the business. The primary objective of the Company's capital management is to ensure that it maintains an adequate and strong capital base to support its business. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of its activities.

No changes were made in the objectives, policies and processes from the previous year.

The capital considered by management is the same capital as those indicated in the equity section of the balance sheet.

13. Operating Segment

The Company is engaged in mineral exploration and considers such as its primary activity and only operating segment. The President, which is considered as the chief operating decision maker, monitors the operating results of the Company. The Company has only one geographical segment.

Net loss, total assets and total liabilities as of and for the period ended September 30, 2016, December 31, 2015 and December 31, 2014 are the same as reported elsewhere in the financial statements. Segment information for this operating segment is as follows:

	Sep 30, 2016	Dec 31, 2015	Dec 31, 2014
Net loss	₱1,197,882	₱25,558,722	₱ 1,368,043
Total assets	483,098	234,529	31,961,920
Total liabilities	2,242,649	796,200	6,964,869

SCHEDULE: AGING OF ACCOUNTS RECEIVABLE (1) As of September 30, 2016

Description	Total	1 Mo	2-3 Mos	4-6 Mos	7 Mos to 1 Yr	1-2 Yrs	3-5 Yrs	5 Yrs- Above	Past Due accounts & Items in Litigation
a)Trade Receivables None (No commercial operation)	-								
b)Non-Trade Receivables 1)Advances to Related Parties Impairment/Write-off*									
Sub Total	-							-	
Less: Allow. for Doubtful Accounts Impairment/Write-off*									
Net Non-Trade Receivable	-							-	
NET RECEIVABLE (a + b)	-							-	

- End -


SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this 17-Q report to be signed on its behalf by the undersigned thereunto duly authorized, in Manila on 11 4 NOV 2019.

PACIFICA, INC.
Issuer

By:


WINGLIP K. CHANG
President and CEO


MARIA ELENA E. POCONG
Treasurer