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Atheron, Inc.  
Form 10-K  
November 30, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 31, 2009

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 333-138189

Atheron Inc.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation or  
organization)

N/A  
(I.R.S. Employer Identification No.)

3598 Durango St., Palanan, Makati City 1235, Philippines  
(Address of principal executive offices)

\_\_\_\_\_  
(Zip Code)

Registrant's telephone number: 011.63.2.728.1626

Securities registered under Section 12(b) of the Exchange Act:

Title of each class  
none

Name of each exchange on which registered  
not applicable

Securities registered under Section 12(g) of the Exchange Act:

Title of each class  
none

Name of each exchange on which registered  
not applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceeding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Not available

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 2,150,000 as of August 31, 2009.

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PART I

Item 1. Business

Company Overview

We were formed as a Nevada corporation on May 8, 2006. Our principal executive offices are located at 3598 Durango St. Palanan, Makati City 1235, Philippines. Our telephone number is 011.63.2.728.1626. Susanna Hilario is our President, Secretary, Chief Executive Officer, Chief Financial Officer, and sole director.

We are in the business of developing a technology for ethanol-methanol gasoline which is prepared from light oil, naphtha, straight-run gasoline and key additives (our "Product"). Our mixed gasoline formula is not yet completed and will require further research and development before it is ready for commercial use. Once developed, we intend to license our formula initially in the Philippines, and if demand warrants, into China and other countries in Asia.

We are a development stage company and have not generated any sales to date. We are in the initial stages of developing our formula, have very limited cash resources and are in need of substantial additional capital to execute our business plan.

We believe our mixed gasoline formula will offer a number of advantages over existing gasoline products. Our formula should provide better miscibility than traditional gasoline. Miscibility refers to the property of various substances, liquids in particular, to be mixed together and form a homogenous material. The greater the miscibility in gasoline, the cleaner it will burn, resulting in better overall engine performance and cleaner pistons, rings, plugs and exhaust ports. In addition, we believe our formula will have a lower evaporation rate. A main ingredient in gasoline is ethanol, which evaporates easily. An excessive amount of unburned evaporated fuel tends to result in higher quantities of smog in the atmosphere. Our formula is designed to prevent an excessive amount of evaporation.

We also believe our product will prevent premature detonation, or "knocking," in the engine. Lead was previously used as an effective anti-knocking agent by increasing the fuel's octane rating. Our formula uses anti-knocking additives that similarly increase the octane rating for greater efficiency and power. Our formula is expected to have higher stability. When gasoline is stagnant for a certain period of time, gums and varnishes tend to build up and precipitate in the gasoline, causing what is known as "stale fuel." This results in buildup in the cylinders and fuel lines, complicating engine start-up. A stabilizer, which will be used in our formula, is expected to help prevent buildup and extend the life of the engine.

Finally, we believe our mixed gasoline formula will cost less to consumers than traditional gasoline. We believe that our mixed gasoline formula will help alleviate the burden on the consuming public. We plan to license our formula initially in the Philippines, and then branch off to other nations if demand grows. The regular gas price at the pump in the Philippines is about \$3 per gallon similar to that in United States, only the GDP per capita in the Philippines is only 3% of that in the United States, so an increase in gas prices has a more drastic impact in the Philippines than in the United States. President Macapagal-Arroyo warned that rising oil prices threaten the country's foreign exchange reserves as well as its energy supply. With these repercussions in place, we are hopeful that our low-cost mixed gasoline formula will have a positive impact in the Filipino market.

We are a development stage company and have not generated any sales to date. We are in the initial stages of developing our formula, have very limited cash resources and are in need of substantial additional capital to execute our business plan. For these and other reasons, our independent auditors have raised substantial doubt about our ability to continue as a going concern.



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How Gasoline is Made

Gasoline is a mixture of hydrocarbons blended with a few additives to meet the performance needs of automobile engines. The major raw material for gasoline is crude oil, which contains numerous compounds ranging from methane to those having 85 carbon atoms. Gasoline can be produced by distilling crude oil. This is accomplished by maintaining the crude oil at high temperatures until the different oil components, or “fractions” as they are called, reach boiling point and vaporize. Some of the major crude oil fractions obtained upon initial distillation are “light ends,” such as propane and butane; straight run gasoline, the higher boiling part of which is sometimes called naphtha; kerosene; diesel fuel; heating oil; and lubricating oils.

Several refinery processes have developed to produce the blending fractions used to make gasoline. Simple distillation converts approximately 10 percent of a barrel of crude oil to gasoline. A process known as “cracking,” a breaking down of heavy oil fractions under high temperatures and pressures, converts about 25 percent of a barrel of crude oil to gasoline. In catalytic cracking, a process where oil is fed into a reaction vessel containing a catalyst, even higher percentages of gasoline are produced from crude oil. In “reforming,” the gasoline fraction is mixed with hydrogen and heated with a catalyst, causing a rearrangement of its molecular structure.

Gasoline is usually blended from straight run gasoline, reformat, alkylate, and some butane. A number of additives are blended into gasoline. Some are used to reduce oxidation and tarnish formation. Alcohols are used to inhibit icing and corrosion processes. Finally, detergents are used to remove deposits resulting from combustion from the engine and fuel injectors.

Important Measures for Gasoline

Two important measures for gasoline are the Reid vapor pressure (RVP) and the octane number. Gasoline has to be volatile enough to vaporize and mix with air to burn, but one problem is that the vapor pressure can go up or down with a change in temperature or with altitude. Summer months require a lower RVP so that gasoline does not evaporate before it combusts in a gasoline engine. Winter months require a higher RVP so that gasoline does not vapor lock before combusts. One way to control vapor pressure is by adding more or less butane.

The octane number of gasoline tells you how much the fuel can be compressed before it spontaneously ignites. Lower octane fuels can handle less compression before igniting. Octane is, therefore, an important measure of gasoline because they help provide smoother combustion in the car’s cylinders and prevent knocking. Knocking, the pinging noise sometimes heard from an engine, is caused by irregular pressure waves inside a cylinder that arise from non-uniform combustion. Unchecked, knocking can crack the cylinder heads or pistons and destroy an engine.

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Our Mixed Gasoline Formula

Our core technology is a formula of ethanol-methanol gasoline which is prepared from light oil, naphtha, straight-run gasoline, and key additives. As opposed to traditional gasoline, its advantages are improved miscibility, anti-knock characteristics, anti-corrosion properties, and stability, along with proper evaporation properties, and lower cost to consumers.

Our mixed gasoline formula consists mainly of the following ingredients:

- § Light oil, naphtha, straight-run gasoline: 70-80%
- § Ethanol: 8-20%
- § Methyl alcohol: 2-10%
- § Isobutyl alcohol: 1-6%
- § Carbon nine solvent naphtha: 3-8%
- § Methylnaphthalene: 0.2-1%
- § Dimethyl ether: 1-5%
- § Nitrobenzene: 0.5-3.4%
- § Mixed benzene: 1-2%
- § Dispersing agent: 0.3-0.8%
- § Antiseptic: 0.2-0.8%
- § Lauryl benzene sulfonic acid: 0.02-0.03%
- § Anti-knocking compound: 0.03-0.06%
- § C5 Petroleum Resins: 2-8%

Straight-Run Gasoline

Gasoline produced by the direct distillation of crude oil is known as straight-run gasoline. It is usually distilled continuously, which separates the gasoline from the other fractions of the oil having higher boiling points, such as kerosene and heating oil. The range of temperatures in which gasoline boils and is distilled off is roughly between 38° and 205° C (100° and 400° F). The yield of gasoline from this process varies from about 1 percent to about 50 percent, depending on the crude oil and the process used.

Naphtha

Naphtha is a group of various volatile flammable liquid hydrocarbon mixtures used primarily as either feedstock for petrochemical cracking or gasoline reforming and blending. Naptha is a highly volatile product, manufactured from crude oil by distillation and by catalytic cracking of heavy residues. Naphtha is obtained from petroleum refineries as a small percentage (around 4%) of the distillation of crude oil. It is an intermediate between the lighter gasoline and the heavier fractions.

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### Methyl Alcohol

Methyl alcohol is commonly called Methanol or wood alcohol. Methanol is used in the production of a variety of chemical derivatives and in the production of methyl tertiary butyl ether (MTBE), an oxygenate and an octane enhancer for gasoline. In the United States, MTBE has been substantially removed from gasoline for environmental reasons. MTBE is currently more economical than many other components of gasoline and this has caused strong demand for MTBE outside of the United States. To date, the net loss of methanol demand as a result of the changes occurring to gasoline formulations in the United States has had a relatively minor impact on the global methanol market.

### Ethanol

Ethanol is a chemical produced by the fermentation of sugars found in grains and other biomass. Ethanol can be produced from a number of different types of grains, such as wheat and sorghum, as well as from agricultural waste products such as sugar, rice hulls, cheese whey, potato waste, brewery and beverage wastes, and forestry and paper wastes.

Ethanol has many industrial uses. Pertinent to our business, ethanol can be used as a fuel component that serves as an octane enhancer in fuels, an oxygenated fuel additive that can reduce carbon monoxide vehicle emissions, and a non-petroleum-based gasoline extender.

### C9 Solvent Naphtha

This ingredient consists mainly of aromatic hydrocarbons, including benzene and the alkyl derivatives of benzene. Hydrocarbons are molecules consisting of atoms of carbon and hydrogen. Benzene has the elemental composition C<sub>6</sub>H<sub>6</sub> and is a flat, six-membered ring with three carbon-carbon double bonds. Aromatic hydrocarbons are important components of petroleum and its refined products. The name “aromatic” for these hydrocarbons comes from the fact that many have a strong, pungent aroma. Among the most important aromatic petroleum hydrocarbons in our formula are benzene and its derivatives (alkylbenzenes) toluene (methylbenzene) and xylenes (dimethylbenzenes).

### C5 Petroleum Resins

Petroleum resin is a kind of thermal plasticizing resin produced in the refining process. Petroleum resins are mainly used for adhesives, marking paints, and synthetic rubbers, but are also used in gasoline blending process.

### Isobutyl Alcohol

Isobutyl Alcohol, as known as Isobutanol, is a colorless, flammable, organic compound. It is classified as an alcohol, and, as such, it is widely used as a solvent in chemical reactions, as well as being a useful starting material for organic synthesis.

Isobutanol is produced naturally during the fermentation of carbohydrates. It may also be a by-product of the decay process of organic matter. The main use of Isobutanol is as starting material in the manufacture of isobutyl acetate, which is mostly used in the production of lacquer and similar coatings. For our purposes, it is used as a gasoline additive for spark-ignition engines where it helps to prevent carburetor icing.



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## Dimethyl Ether

Dimethyl ether is colorless gaseous ether with an ethereal odor. It is often used as an aerosol spray propellant. Dimethyl ether is also a clean-burning alternative to liquified petroleum gas, liquified natural gas, diesel gas and gasoline. It can be made from natural gas, coal, or biomass.

## Nitrobenzene

Nitrobenzene is an industrial chemical. It is an oily yellow liquid with an almond-like odor. It dissolves only slightly in water and will evaporate to air. Nitrobenzene is used to produce lubricating oils such as those used in motors and machinery. A small amount of nitrobenzene is used in the manufacture of dyes, drugs, pesticides, and synthetic rubber.

## Methylnaphthalene

Methylnaphthalene (C<sub>11</sub>H<sub>10</sub> or CH<sub>3</sub>C<sub>10</sub>H<sub>7</sub>) is a colorless liquid oil. It does not dissolve in water, but it will dissolve in ethanol, ethyl ether, and most organic solvents. It is used for organic synthesis.

## Research and Development

Our Chief Technology Officer and one of our directors, Mr. Rey Supera, has conducted numerous experiments with regards to this mixed gasoline formula. Mr. Rey Supera has been a long-time researcher in the petrochemical industry, focusing particularly on the use of additives in gasoline products. At this time, he has concluded that our formula will work with acceptable experimental results. However, we are continually refining our formula to reduce emissions and prevent engine damage. We plan to continue conducting experiments on our formula to achieve a product that will rival traditional gasoline products. Our current experimental results, explained in the table below, include emission and damage testing of our formula compared with traditional gasoline.

| Serial | Examination project              | Unit                    | Regular Gas Specification | Target Examination result |     |
|--------|----------------------------------|-------------------------|---------------------------|---------------------------|-----|
| 1      | Octane value                     | /                       | >=90                      | 90                        |     |
| 2      | Temperature                      | 10% Evaporation C       | <=70                      | 66                        |     |
|        | of Evaporation                   | 20% Evaporation C       | <=120                     | 93                        |     |
|        |                                  | 50% Evaporation C       | <=190                     | 185                       |     |
|        |                                  | Stop point C            | <=205                     | 200                       |     |
| 3      | Steam Barometric Pressure        | Left content            | %                         | <=2                       | 2.1 |
|        |                                  | March 16 – September 15 | KPa                       | <=74                      | 70  |
|        |                                  | September 16 –March 15  | KPa                       | <=88                      | 82  |
| 4      | Sol                              | Mg/100ml                | <=5                       | 5                         |     |
| 5      | Sheet copper corrosion (50C, 3h) | /                       | <=1                       | 1                         |     |
| 6      | Water-soluble acid and alkali    | /                       | No                        | No                        |     |
| 7      | Mechanical impurity              | /                       | No                        | No                        |     |
| 8      | Water content                    | m/m                     | <=0.15                    | 0.16                      |     |

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Our target examination results in the next 12 months consist of the following:

| Serial | Examination project              | Unit     | Regular Gas Specification | Target Examination result |
|--------|----------------------------------|----------|---------------------------|---------------------------|
| 1      | Octane value                     | /        | >=90                      | 91                        |
| 2      | Temperature                      | C        | <=70                      | 56                        |
|        | 10% Evaporation                  | C        | <=120                     | 90                        |
|        | 20% Evaporation                  | C        | <=190                     | 165                       |
|        | 50% Evaporation                  | C        | <=205                     | 190                       |
|        | Stop point                       | C        | <=205                     | 190                       |
|        | Left content                     | %        | <=2                       | 1                         |
| 3      | Steam                            | KPa      | <=74                      | 65                        |
|        | Barometric                       | KPa      | <=88                      | 78                        |
|        | Pressure                         | KPa      | <=88                      | 78                        |
|        | March 16 – September 15          |          |                           |                           |
|        | September 16 –March 15           |          |                           |                           |
| 4      | Sol                              | Mg/100ml | <=5                       | 4                         |
| 5      | Sheet copper corrosion (50C, 3h) | /        | <=1                       | 1                         |
| 6      | Water-soluble acid and alkali    | /        | No                        | No                        |
| 7      | Mechanical impurity              | /        | No                        | No                        |
| 8      | Water content                    | m/m      | <=0.15                    | 0.13                      |

As at August 31, 2009 we have not spent any money on research and development. Much of the work in this area has been provided by Mr. Rey Supera free of charge. Our projected research and development expenses will be around \$30,000 in the next 12 months. Currently, we have two employees dedicated to research and development. We believe that new and timely development of products and technologies is important to our competitive position in the market and intend to continue to invest in research and development activities.

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### Present stage of development

Our Chief Technology Officer and one of our directors, Mr. Rey Supera, has conducted numerous experiments of our gasoline formula. However, we have not yet completed the development of our formula. We do not feel that our examination results are sufficient to begin producing, marketing, and selling our Product. Our target results are listed in the table above. We expect to complete experimentation and become commercially available in mid 2009.

To remain competitive in the mixed gasoline industry, we must continue to develop highly effective and efficient key components. Our current technologies are based on the initial research activities conducted by Rey Supera. The costs associated with our research and development activities are not borne by customers since do not have any customers, nor will we have any customers until the completion of the development of our mixed gasoline technology. We will either raise more funds from investors or borrow from existing directors to cover our projected research and development expenses.

### Key Success Factors

### Strategy

Our goal is for our mixed gasoline formula to become a leading formula in the market. In order to achieve our goal, we intend to increase awareness of our products with potential customers, such as major gasoline suppliers. We intend to do this by engaging in the following:

- ◇ Attending Oil Gas Technology Trade Meetings, Promotional Events and Conferences: We plan to attend a number of events attended by biotech institutions in order to further expose our products. These events will include biotech trade meetings and promotional events which are attended by oil gas companies and related seminars and conferences.
- ◇ Promoting through Internet-Based and Traditional Media Advertising: We intend to use Internet-based and traditional media to promote our technology and products directly to petro chemical companies. We believe that by increasing our consumer base we will attract petro chemical companies to use our mixed gasoline formula.

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Our anticipated costs to implement the strategy for the next 12 months are estimated as follows:

◇ travel - \$5,000

◇ marketing - \$10,000

◇ research and development - \$30,000

We intend to obtain funds to cover these costs by private equity fundraising or shareholder's loans, although we are not able to guarantee that funds will be available or on terms that are favorable to our company or at all. We hope that we will start to receive revenues by sale or license of mixed gasoline formula to petro chemical companies before the end of August 2009.

Skilled Management Team

We intend to expand our current management to retain skilled directors, officers and employees with experience relevant to our business focus. Our current management team is highly skilled in technical areas such as researching and developing our technologies, but not as skilled in areas such as marketing and business management. Obtaining the assistance of individuals with in-depth knowledge of operations, technology and markets will allow us to build market share more effectively.

Competition

We are not aware of any competitors in Philippines that are developing a competing mixed gasoline formula. However, we face a significant amount of competition in the gasoline industry in general.

Patents and Intellectual Property

Our formula comes from ingredients commonly used and available to the public. However, we believe our formula has advantages above that of traditional gasoline products. We are in the process of researching patent rights, and we are not aware of anyone in Philippines having any patents, trademarks and/or copyright protection for the technologies and any proprietary rights to these technologies. We believe that the formula developed by us should be protected. In order to protect our products we plan to apply for patent protection and/or copyright protection in the United States, Philippines and other jurisdictions, and will require purchasers of our products to enter into non-disclosure agreements with us.

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### Marketing Plan

Our directors have developed business contacts through their past and current employment in the petro chemical industry in the Philippines and have developed an intimate understanding of business practices and customs in this area. They intend on actively promoting interest in mixed gasoline among their business contacts in the petro chemical industry. In addition, we intend to promote our mixed gasoline formula through traditional advertising and promotional media, such as newspaper and trade publications, and advanced media, such as targeted electronic mail, internet banner advertising and internet webpage links, to effect maximum exposure and penetration in the petro chemical marketplace. We also anticipate joining some petro chemical conferences to introduce our mixed gasoline and services to petro chemical companies.

### Brand Equity

We have selected the name of our company to establish our brand name. Atheron will be the name of our mixed gasoline formula.

### Advertising

We intend to develop our website as the primary medium to promote our mixed gasoline formula. We also intend to market our mixed gasoline formula by placing banner advertising on the home pages of relevant petro chemical websites.

We intend to produce promotional material for direct marketing. However, if we are unable to complete the development of our mixed gasoline formula, or if we are unable to sell our formula sufficiently, for any reason, we may go out of business.

### Employees

Our President Mrs. Sussanna Hilario, and our Vice President, Dr. Rey Supera, are the only employees of the company. They handle all of the responsibilities in the area of corporate administration, business development and research.

### Government Regulation and Supervision

We are subject to the laws and regulations of those jurisdictions in which we plan to sell or license our gasoline formula technology that are generally applicable to operate a business, such as business license requirements, income taxes and payroll taxes. In general, the sale or licensing of our mixed gasoline formula in Philippines is subject to limited regulatory and/or supervisory requirements. The Philippine National Alcohol Commission under the Ministry of Trade and Industry is responsible for programs designed to use less hazardous octane enhancers, including ethanol versus tetraethyl lead (TEL) in gasoline.

### Compliance with Environmental Laws

We have not incurred any costs in connection with the compliance with any federal, state, or local environmental laws since our inception.

### Research and Development Expenditures

We have not incurred any research or development expenditures since our incorporation.

Subsidiaries

We have neither formed, nor purchased any subsidiaries since our incorporation.

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Item 1A. Risk Factors.

A smaller reporting company is not required to provide the information required by this Item.

Item 1B. Unresolved Staff Comments

A smaller reporting company is not required to provide the information required by this Item.

Item 2. Properties

We own no real property. Our executive offices are located at 3598 Durango St. Palanan, Makati City 1235, Philippines. These facilities are provided to us at no charge by our director, Ms. Susanna Hilario, and have been since May 2006.

Item 3. Legal Proceedings

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

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

No matters were submitted to a vote of the Company's shareholders during the fiscal year ended August 31, 2009.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is currently quoted on the OTC Bulletin Board ("OTCBB"), which is sponsored by FINRA. The OTCBB is a network of security dealers who buy and sell stock. The dealers are connected by a computer network that provides information on current "bids" and "asks", as well as volume information. Our shares are quoted on the OTCBB under the symbol "AHRN"

The following table sets forth the range of high and low bid quotations for our common stock for each of the periods indicated as reported by the OTCBB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

| Quarter Ended   | Fiscal Year Ending August 31, 2009 |     |
|-----------------|------------------------------------|-----|
|                 | High                               | Low |
| August 31, 2009 | N/A                                | N/A |
| May 31, 2009    | N/A                                | N/A |
|                 | N/A                                | N/A |

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|                      |     |     |
|----------------------|-----|-----|
| February<br>29, 2009 |     |     |
| November<br>30, 2008 | N/A | N/A |

Fiscal Year Ending August 31,  
2008

| Quarter<br>Ended     | High<br>\$ | Low<br>\$ |
|----------------------|------------|-----------|
| August<br>31, 2008   | N/A        | N/A       |
| May 31,<br>2008      | N/A        | N/A       |
| February<br>28, 2008 | N/A        | N/A       |
| November<br>30, 2007 | N/A        | N/A       |



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Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

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### Holder of Our Common Stock

As of August 31, 2009, we had 2,150,000 shares of our common stock issued and outstanding, held by thirty-two (32) shareholders of record.

### Dividends

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where after giving effect to the distribution of the dividend:

1. we would not be able to pay our debts as they become due in the usual course of business, or;
2. our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

### Securities Authorized for Issuance under Equity Compensation Plans

We do not have any equity compensation plans.

### Item 6. Selected Financial Data

A smaller reporting company is not required to provide the information required by this Item.

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.



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Results of Operations for the Years Ended August 31, 2009 and 2008, and for the period from Inception until August 31, 2009

We have not earned any revenues since our inception on May 8, 2006. We do not anticipate earning revenues until such time that we have fully developed our mixed gasoline formula and are able to obtain license fees in connection with our formula. We are presently in the development stage of our business and we can provide no assurance that we will develop our formula or successfully market it.

We incurred operating expenses in the amount of \$10,000 for the year ended August 31, 2009, compared with \$10,000 for the year ended August 31, 2008. The entire amount for both periods was attributable to professional fees. We have incurred total operating expenses of \$87,985 from inception on May 8, 2006 through August 31, 2009. The entire \$87,985 was attributable to professional fees. We anticipate our operating expenses will increase as we undertake our plan of operations. The increase will be attributable to undertaking the additional research phases of our mixed gasoline formula.

We incurred a net loss of \$10,000 for the year ended August 31, 2009, compared with \$10,000 for the year ended August 31, 2008. We incurred a total net loss of \$87,985 from inception on May 8, 2006 through August 31, 2009. Our losses for all periods are attributable to operating expenses together with a lack of any revenues.

Liquidity and Capital Resources

As of August 31, 2009, we had total current assets of \$0 cash. Our total current liabilities as of August 31, 2009 were \$44,985. This amount consists of a loan from a shareholder and officer of the Company. The loan is non-interest bearing and is due upon demand. As a result, we had working capital deficit of (\$44,985) as of August 31, 2009.

Operating activities used \$87,985 in cash for the period from inception (May 8, 2006) to August 31, 2009. Our net loss of \$87,985 for this period was the sole component of our negative operating cash flow. We primarily relied on cash from the sale of our common stock and loans to fund our operations during the period ended August 31, 2009. Financing Activities generated \$87,985 in cash for the period from inception (May 8, 2006) to August 31, 2009. This consisted of \$43,000 in Proceeds from sales of common stock and \$44,985 in Loans from a related party.

The success of our business plan beyond the next 12 months is contingent upon us obtaining additional financing. We intend to fund operations through debt and/or equity financing arrangements, which may be insufficient to fund our capital expenditures, working capital, or other cash requirements. We do not have any formal commitments or arrangements for the sales of stock or the advancement or loan of funds at this time. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all.

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Off Balance Sheet Arrangements

As of August 31, 2009, there were no off balance sheet arrangements.

Going Concern

We have incurred net operating losses since inception, have negative working capital, and have not yet received revenues from sales of products or services. These factors create substantial doubt by our auditors about our ability to continue as a going concern. Our financial statements do not include any adjustment that might be necessary if we are unable to continue as a going concern.

Our ability to continue as a going concern is dependent on our generating cash from the sale of our common stock and/or obtaining debt financing and attaining future profitable operations. Management's plans include selling our equity securities and obtaining debt financing to fund our capital requirement and ongoing operations; however, there can be no assurance we will be successful in these efforts.

Significant Equipment

We do not intend to purchase any significant equipment for the next twelve months.

Employees

We do not have plans to change the number of our employees during the next twelve months.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most "critical accounting polices" in the Management Discussion and Analysis. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

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### Development Stage Company

The accompanying financial statements have been prepared in accordance with the Statement of Financial Accounting Standards No. 7 "Accounting and Reporting by Development-Stage Enterprises". A development-stage enterprise is one in which planned principal operations have not commenced or if its operations have commenced, there has been no significant revenues there from.

### Cash and Cash Equivalents

We consider all highly liquid investments with maturities of three months or less to be cash equivalents. At August 31, 2009 we had \$0 of unrestricted cash.

### Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

### Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Basic loss per share

Basic loss per share has been calculated based on the weighted average number of shares of common stock outstanding during the period.

### Recently Issued Accounting Pronouncements

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

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Item 8. Financial Statements and Supplementary Data

See the financial statements annexed to this annual report.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

No events occurred requiring disclosure under Item 307 and 308 of Regulation S-K during the fiscal year ending August 31, 2009.

Item 9A(T). Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer and treasurer, as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our chief executive officer and chief financial officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of August 31, 2009. Based on their evaluation, they concluded that our disclosure controls and procedures were effective.

Management is responsible for establishing and maintaining adequate internal control over our financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Our internal control over financial reporting is a process designed by, or under the supervision of, our chief executive officer and chief financial officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorization of our board of directors and management; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

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Under the supervision and with the participation of our management, including our chief executive officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on this evaluation under the criteria established in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting was effective as of August 31, 2009.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management’s report in this annual report.

During the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting that has materially affected or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following information sets forth the name of our executive officers and directors, their ages as of August 31, 2009, and their present position.

| Name                | Position Held with the Company  | Age | Date First Elected or Appointed |
|---------------------|---|-----|---------------------------------|
| Ms. Susanna Hilario | President, Director, Treasurer (Principal Accounting Officer) and Secretary | 36  | May 8, 2006                     |
| Mr. Rey V. Supera   | Director and Chief Technology Officer                                       | 31  | May 8, 2006                     |

Set forth below is a brief description of the background and business experience of executive officers and directors.

Ms. Susanna Hilario is our President, Director, Treasurer (Principal Accounting Officer), Secretary and a member of our board of directors. Since January 2001, Ms. Susanna Hilario has been the Operations Manager/Owner of CCW, Inc. Ms. Hilario has not held any directorships in any public companies prior to service with our company.



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Mr. Rey V. Supera is our Chief Technology Officer and a member of our board of directors. Mr. Rey V. Supera was a technician/researcher in Kali Chemical Inc. from 1996 to 2005. Mr. Supera has not held directorships in public companies prior to service with our company.

### Directors

Our bylaws authorize no less than one (1) and more than ten (10) directors. We currently have two Directors.

### Term of Office

Our Directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

### Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

### Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present or former director, executive officer, or employee: (1) 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; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

### Audit Committee

We do not have a separately-designated standing audit committee. The entire Board of Directors performs the functions of an audit committee, but no written charter governs the actions of the Board when performing the functions of what would generally be performed by an audit committee. The Board approves the selection of our independent accountants and meets and

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## Code of Ethics

As of August 31, 2009, we had not adopted a Code of Ethics for Financial Executives, which would include our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

## Item 11. Executive Compensation

## Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to both to our officers and to our directors for all services rendered in all capacities to us for our fiscal years ended August 31, 2009, 2008, and 2007.

| Name and principal position   | Year | SUMMARY COMPENSATION TABLE |            |                   |                    |   |  |                             |            |   |
|---|------|----------------------------|------------|-------------------|--------------------|---|--|-----------------------------|------------|---|
|   |      | Salary (\$)                | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |   |
| Susanna Hilario, President, Chief Executive Officer, Principal Executive Officer, Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and Director | 2009 | 0                          | 0          | 0                 | 0                  | 0   | 0  | 0                           | 0          | 0 |
|   | 2008 | 0                          | 0          | 0                 | 0                  | 0   | 0  | 0                           | 0          | 0 |
|   | 2007 | 0                          | 0          | 0                 | 0                  | 0   | 0  | 0                           | 0          | 0 |
| Rey Supera, CTO, Director   | 2009 | 0                          | 0          | 0                 | 0                  | 0   | 0  | 0                           | 0          | 0 |
|   | 2008 | 0                          | 0          | 0                 | 0                  | 0   | 0  | 0                           | 0          | 0 |
|   | 2007 | 0                          | 0          | 0                 | 0                  | 0   | 0  | 0                           | 0          | 0 |

## Narrative Disclosure to the Summary Compensation Table

We have not entered into any employment agreement or consulting agreement with our executive officers. There are no arrangements or plans in which we provide pension, retirement or similar benefits for executive officers.

Although we do not currently compensate our officers, we reserve the right to provide compensation at some time in the future. Our decision to compensate officers depends on the availability of our cash resources with respect to the

need for cash to further our business purposes.

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## Outstanding Equity Awards at Fiscal Year-End

The table below summarizes all unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer as of August 31, 2009.

| Name                | OPTION AWARDS   |   |   |                     | STOCK AWARDS    |   |                        |  |   |
|---------------------|---|---|---|---------------------|-----------------|---|------------------------|--|---|
|                     | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Exercise Price (\$) | Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Awards | Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Unearned Value of Unearned Shares, Units or Rights That Have Not Vested (#) |
| Ms. Susanna Hilario | -   | -   | -   | -                   | -               | -   | -                      | -  | -   |
| Mr. Rey V. Supera   | -   | -   | -   | -                   | -               | -   | -                      | -  | -   |

## Stock Option Grants

We have not granted any stock options to the executive officers or directors since our inception.

## Director Compensation

The table below summarizes all compensation awarded to, earned by, or paid to our directors for all services rendered in all capacities to us for the period from inception through August 31, 2009.

## DIRECTOR COMPENSATION

| Name                | Fees Earned or Paid in Cash (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Non-Qualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|---------------------|----------------------------------|-------------------|--------------------|---|---|-----------------------------|------------|
| Ms. Susanna Hilario | 0                                | 0                 | 0                  | 0   | 0   | 0                           | 0          |

|           |   |   |   |   |   |   |   |
|-----------|---|---|---|---|---|---|---|
| Hilario   |   |   |   |   |   |   |   |
| Mr. Rey   |   |   |   |   |   |   |   |
| V. Supera | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Narrative Disclosure to the Director Compensation Table

We do not pay any compensation to our directors at this time. However, we reserve the right to compensate our directors in the future with cash, stock, options, or some combination of the above.

We have not reimbursed our directors for expenses incurred in connection with attending board meetings nor have we paid any directors fees or other cash compensation for services rendered as a director in the year ended August 31, 2009.

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## Stock Option Plans

We did not have a stock option plan as of August 31, 2009

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information known to us with respect to the beneficial ownership of our Common Stock as of August 31, 2009, by (1) all persons who are beneficial owners of 5% or more of our voting securities, (2) each director, (3) each executive officer, and (4) all directors and executive officers as a group. The information regarding beneficial ownership of our common stock has been presented in accordance with the rules of the Securities and Exchange Commission. Under these rules, a person may be deemed to beneficially own any shares of capital stock as to which such person, directly or indirectly, has or shares voting power or investment power, and to beneficially own any shares of our capital stock as to which such person has the right to acquire voting or investment power within 60 days through the exercise of any stock option or other right. The percentage of beneficial ownership as to any person as of a particular date is calculated by dividing (a) (i) the number of shares beneficially owned by such person plus (ii) the number of shares as to which such person has the right to acquire voting or investment power within 60 days by (b) the total number of shares outstanding as of such date, plus any shares that such person has the right to acquire from us within 60 days. Including those shares in the tables does not, however, constitute an admission that the named stockholder is a direct or indirect beneficial owner of those shares. Unless otherwise indicated, each person or entity named in the table has sole voting power and investment power (or shares that power with that person's spouse) with respect to all shares of capital stock listed as owned by that person or entity.

Except as otherwise indicated, all Shares are owned directly and the percentage shown is based on 2,150,000 Shares of Common Stock issued and outstanding as of August 31, 2009.

| Title of class                                | Name and address of beneficial owner   | Amount of beneficial ownership | Percent of class |
|---|--|--------------------------------|------------------|
| Common  | Ms. Susanna Hilario<br>7636 Guijo cor Sacred Heart Street, San Antonio Village, Makati City, Philippines | 625,000                        | 29%              |
| Common  | Mr. Rey V. Supera<br>3596 Durango Street, Palanan, Makati City, Philippines                              | 625,000                        | 29%              |
| Total of all directors and executive officers |  | 1,250,000                      | 58%              |

Other than the shareholders listed above, we know of no other person who is the beneficial owner of more than five percent (5%) of our common stock.

## Item 13. Certain Relationships and Related Transactions, and Director Independence

None of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our

outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction over the last two years or in any presently proposed transaction which, in either case, has or will materially affect us.

Item 14. Principal Accounting Fees and Services

Below is the table of Audit Fees (amounts in US\$) billed by our auditor in connection with the audit of the Company's annual financial statements for the years ended:

| Financial Statements for the Year Ended September 30 | Audit Services | Audit Related Fees | Tax Fees | Other Fees |
|--|----------------|--------------------|----------|------------|
| 2009   | \$10,000       | \$0                | \$0      | \$0        |
| 2008   | \$10,000       | \$0                | \$0      | \$0        |

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PART IV

Item 15. Exhibits, Financial Statements Schedules

Index to Financial Statements Required by Article 8 of Regulation S-X:

Audited Financial Statements:

|            |   |
|------------|---|
| <u>F-1</u> | <u>Report of Independent Registered Public Accounting Firm</u>  |
| <u>F-2</u> | <u>Consolidated Balance Sheets as of August 31, 2009 and 2008;</u>  |
| <u>F-3</u> | <u>Statements of Operations for the years ended August 31, 2009, and August, 31</u><br><u>2008, and the period from inception to August 31, 2009;</u> |
| <u>F-4</u> | <u>Statement of Stockholders' Equity for period from inception to August 31, 2009;</u>  |
| <u>F-5</u> | <u>Statements of Cash Flows for the years ended August 31, 2009, and August 31,</u><br><u>2008, and the period from inception to August 31, 2009;</u> |
| <u>F-6</u> | <u>Notes to Financial Statements</u>  |

Exhibit Description  
Number

|             |  |
|-------------|--|
| 3.1         | Articles of Incorporation, as amended (1)  |
| 3.2         | Bylaws, as amended (1)   |
| <u>23.1</u> | <u>Consent of Maddox Ungar Silberstein, PLLC, Certified Public Accountants</u>   |
| <u>31.1</u> | <u>Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as</u><br><u>adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>   |
| <u>31.2</u> | <u>Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as</u><br><u>adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>   |
| <u>32.1</u> | <u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as</u><br><u>adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> |

1 Incorporated by reference to the Registration Statement on Form SB-2 filed on October 25, 2006.



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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Atheron Inc.

By: /s/Susanna Hilario  
Susanna Hilario  
President, Chief Executive Officer, Principal Executive Officer,  
Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and  
Director

November 30, 2009

In accordance with Section 13 or 15(d) of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

By: /s/Susanna Hilario  
Susanna Hilario  
President, Chief Executive Officer, Principal Executive Officer,  
Chief Financial Officer, Principal Financial Officer, Principal Accounting Officer and  
Director

November 30, 2009

By: /s/Rey V. Supera  
Rey V. Supera  
Chief Technology Officer  
and Director

November 30, 2009

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M a d d o x U n g a r S i l b e r s t e i n , P L L C C P A s a n d B u s i n e s s  
Advisors

Phone (248) 203-0080  
Fax (248) 281-0940  
30600 Telegraph Road, Suite 2175  
Bingham Farms, MI 48025-4586  
www.maddoxungar.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
Atheron, Inc.  
Makati City 1235, Philippines

We have audited the accompanying balance sheets of Atheron, Inc. (a development stage company) as of August 31, 2009 and 2008 and the related statements of operations, stockholders' deficit and cash flows for the periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atheron, Inc. as of August 31, 2009 and 2008, and the results of their operations and their cash flows for the periods then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4 to the financial statements, the Company has limited working capital, has not yet received revenue from sales of products or services, and has incurred losses from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters are described in Note 4. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Maddox Ungar Silberstein, PLLC

Maddox Ungar Silberstein, PLLC  
Bingham Farms, Michigan  
November 27, 2009

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ATHERON, INC.

(A DEVELOPMENT STAGE COMPANY)

## BALANCE SHEETS

As of August 31, 2009 and August 31, 2008

|  | August 31,<br>2009 | August 31,<br>2008 |
|--|--------------------|--------------------|
| ASSETS   |                    |                    |
| Current Assets   |                    |                    |
| Cash and equivalents   | \$ 0               | \$ 0               |
| Prepaid expenses   | 0                  | 0                  |
| <b>TOTAL ASSETS</b>  | <b>\$ 0</b>        | <b>\$ 0</b>        |
| LIABILITIES AND STOCKHOLDERS' DEFICIT  |                    |                    |
| Current Liabilities  |                    |                    |
| Loan payable - related party   | \$ 44,985          | \$ 34,985          |
| Stockholders' Deficit  |                    |                    |
| Common Stock, \$.001 par value, 75,000,000 shares<br>authorized, 2,150,000 shares issued and outstanding | 2,150              | 2,150              |
| Additional paid-in capital   | 40,850             | 40,850             |
| Deficit accumulated during the development stage   | (87,985)           | (77,985)           |
| Total stockholders' deficit  | (44,985)           | (34,985)           |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>   | <b>\$ 0</b>        | <b>\$ 0</b>        |

See accompanying notes to financial statements.

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ATHERON INC.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENTS OF OPERATIONS  
Years Ended August 31, 2009 and 2008  
Period from May 8, 2006 (Inception) to August 31, 2009

|  | Year ended<br>August 31,<br>2009 | Year ended<br>August 31,<br>2008 | Period from<br>May 8, 2006<br>(Inception) to<br>August 31,<br>2009 |
|--|----------------------------------|----------------------------------|--|
| Revenues                                   | \$ -0-                           | \$ -0-                           | \$ -0-   |
| General and<br>administrative<br>expenses: |                                  |                                  |  |
| Professional fees                          | 10,000                           | 10,000                           | 87,985   |
| Net Loss                                   | \$ (10,000)                      | \$ (10,000)                      | \$ (87,985)  |
| Net loss per share:                        |                                  |                                  |  |
| Basic and diluted                          | \$ (0.00)                        | \$ (0.00)                        | \$ (0.04)  |
| Weighted average<br>shares outstanding:    |                                  |                                  |  |
| Basic and diluted                          | 2,150,000                        | 2,150,000                        | 2,150,000  |

See accompanying notes to financial statements.

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ATHERON, INC.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENT OF STOCKHOLDERS' DEFICIT  
Period from May 8, 2006 (Inception) to August 31, 2009

|   | Common stock<br>Shares | Amount   | Additional<br>paid-in<br>capital | Deficit<br>accumulated<br>during the<br>development<br>stage | Total       |
|---|------------------------|----------|----------------------------------|--|-------------|
| Issuance of<br>common stock<br>for cash @\$.001     | 2,150,000              | \$ 2,150 | \$ 40,850                        | \$ -   | \$ 43,000   |
| Net loss for the<br>period ended<br>August 31, 2006 | -                      | -        | -                                | (43,985)   | (43,985)    |
| Balance August<br>31, 2006                          | 2,150,000              | 2,150    | 40,850                           | (43,985)   | ( 985)      |
| Net loss for the<br>year ended<br>August 31, 2007   | -                      | -        | -                                | (25,000)   | (25,000)    |
| Balance August<br>31, 2007                          | 2,150,000              | 2,150    | 40,850                           | (68,985)   | (25,985)    |
| Net loss for the<br>year ended<br>August 31, 2008   | -                      | -        | -                                | (9,000)  | (9,000)     |
| Balance August<br>31, 2008                          | 2,150,000              | 2,150    | 40,850                           | (77,985)   | (34,985)    |
| Net loss for year<br>ended August<br>31, 2009       | -                      | -        | -                                | (10,000)   | (10,000)    |
| Balance August<br>31, 2009                          | 2,150,000              | \$ 2,150 | \$ 40,850                        | \$ (87,985)  | \$ (44,985) |

See accompanying notes to financial statements.

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ATHERON INC.  
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF CASH FLOWS  
Year Ended August 31, 2009 and 2008

Period from May 8, 2006 (Inception) to August 31, 2009

|  | Year ended<br>August 31,<br>2009 | Year ended<br>August 31,<br>2008 | Period From<br>May 8, 2006<br>(Inception)<br>to<br>August 31,<br>2009 |
|--|----------------------------------|----------------------------------|---|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES</b>        |                                  |                                  |   |
| Net loss   | \$ (10,000)                      | \$ (10,000)                      | \$ (87,985)   |
| Change in non-cash working capital items               |                                  |                                  |   |
| Prepaid expenses                                       | -0-                              | -0-                              | -0-   |
| <b>CASH FLOWS USED BY OPERATING<br/>ACTIVITIES</b>     | <b>(10,000)</b>                  | <b>(10,000)</b>                  | <b>(87,985)</b>   |
| <b>CASH FLOWS FROM FINANCING<br/>ACTIVITIES</b>        |                                  |                                  |   |
| Proceeds from sales of common stock                    | 0                                | 0                                | 43,000  |
| Loan from related party                                | 10,000                           | 10,000                           | 44,985  |
| <b>CASH FLOWS PROVIDED BY<br/>FINANCING ACTIVITIES</b> | <b>10,000</b>                    | <b>10,000</b>                    | <b>87,985</b>   |
| <b>NET INCREASE IN CASH</b>                            | <b>-0-</b>                       | <b>-0-</b>                       | <b>-0-</b>  |
| Cash, beginning of period                              | -0-                              | -0-                              | -0-   |
| Cash, end of period                                    | \$ -0-                           | \$ -0-                           | \$ -0-  |
| <b>SUPPLEMENTAL CASH FLOW<br/>INFORMATION</b>          |                                  |                                  |   |
| Interest paid  | \$ -0-                           | \$ -0-                           | \$ -0-  |
| Income taxes paid                                      | \$ -0-                           | \$ -0-                           | \$ -0-  |

See accompanying notes to financial statements.

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ATHERON, INC.

(A DEVELOPMENT STAGE COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2009

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

Nature of Business

Atheron, Inc. (“Atheron”) was incorporated in Nevada on May 8, 2006. Atheron is a development stage company located in Makati City 1235, Philippines. Atheron is developing technology for ethanol-methanol gasoline. Atheron operates out of office space owned by a director and stockholder of the Company. The facilities are provided at no charge. There can be no assurances that the facilities will continue to be provided at no charge in the future.

Development Stage Company

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles related to development-stage companies. A development-stage company is one in which planned principal operations have not commenced or if its operations have commenced, there has been no significant revenues there from.

Cash and Cash Equivalents

Atheron considers all highly liquid investments with maturities of three months or less to be cash equivalents. At August 31, 2009 and August 31, 2008 the Company had \$0 of cash.

Fair Value of Financial Instruments

Atheron’s financial instruments consist of cash and cash equivalents and a loan payable to a related party. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Basic loss per share

Basic loss per share has been calculated based on the weighted average number of shares of common stock outstanding during the period.

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ATHERON, INC.  
 (A DEVELOPMENT STAGE COMPANY)  
 NOTES TO THE FINANCIAL STATEMENTS  
 August 31, 2009

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basic loss per share

Basic loss per share has been calculated based on the weighted average number of shares of common stock outstanding during the period.

Recent Accounting Pronouncements

Atheron does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flow.

NOTE 2 – LOAN PAYABLE – RELATED PARTY

Atheron has received loans totaling \$44,985 for working capital from a shareholder and officer of the Company. The loans are unsecured, non-interest bearing and due upon demand.

NOTE 3 – INCOME TAXES

For the periods ended August 31, 2009, Atheron has incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is approximately \$87,985 at August 31, 2009, and will expire beginning in the year 2026.

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

|                                     |           |
|-------------------------------------|-----------|
|                                     | 2009      |
| Deferred tax asset attributable to: |           |
| Net operating loss carryover        | \$ 29,900 |
| Valuation allowance                 | (29,900)  |
|                                     | \$ -      |



Net  
deferred tax  
asset

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ATHERON, INC.  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2009

NOTE 4 – LIQUIDITY AND GOING CONCERN

Atheron has negative working capital, has incurred losses since inception, and has not yet received revenues from sales of products or services. These factors create substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

The ability of Atheron to continue as a going concern is dependent on the Company generating cash from the sale of its common stock and/or obtaining debt financing and attaining future profitable operations. Management's plans include selling its equity securities and obtaining debt financing to fund its capital requirement and ongoing operations; however, there can be no assurance the Company will be successful in these efforts.

NOTE 5 – SUBSEQUENT EVENTS

The Company has analyzed its operations subsequent to August 31, 2009 through November 27, 2009 and has determined that it does not have any material subsequent events to disclose in these financial statements.

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