

LODESTAR INVESTMENT HOLDINGS CORPORATION
7TH Floor Peaksun Building
Princeton cor. Shaw Blvd., Wackwack
Mandaluyong City

30 October 2017

To all Stockholders:

Notice is hereby given that the Annual Stockholders' Meeting of Lodestar Investment Holdings Corporation will be held on 18 December 2017 at 1:30 p.m. at the 7TH Floor Peaksun Building, Princeton St., Wackwack, Mandaluyong City. Agenda for the meeting is as follows:

AGENDA

1. Call to Order.
2. Certification of Notice and Quorum.
3. Reading and approval of the minutes of the Annual Meeting of the Stockholders held on 8 December 2016.
4. Adoption of the Audited Financial Statements and Annual Reports for the calendar year ended 31 December 2016.
5. President's Report for the calendar year 2016.
6. Election of Directors.
7. Ratification of all acts of the Board of Directors and Management for the period covered from 8 December 2016 to the date of the Annual Stockholders Meeting.
8. Delegation of the power to appoint the Company's External Auditor to the Board of Directors.
9. Other Matters.
10. Adjournment.

Only stockholders of record at the close of business on 22 November 2017 are entitled to notice of and to vote at the Annual Stockholders' Meeting, or any adjournment thereof.

Stockholders and Proxies are requested to bring proper identification documents for purposes of registration.


Venus L. Gregorio
Corporate Secretary

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

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter:
LODESTAR INVESTMENT HOLDINGS CORPORATION
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number: **54106**
5. BIR Tax Identification Code: **200-751-430-000**
6. Address of principal office: **7th Floor, Peaksun Bldg., Princeton St. Wackwack, Mandaluyong City** Postal Code: **1555**
7. Issuer's telephone number, including area code: **c/o (632) 920-9306**
8. Date, time and place of the meeting of security holders

**7th Floor Peaksun Building
Princeton St, Wackwack
Mandaluyong City
18 December 2017, 1:30 p.m.**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **23 November 2017**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares	3,000,000,000 (P.10 par value)

11. Are any or all of registrant's securities listed in a Stock Exchange?
Yes [/] No []

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

Philippine Stock Exchange, Common Shares **640,000,000**

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

1. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

(a)	Date	:	18 December 2017
	Time	:	1:30 p.m.
	Place	:	7 TH Floor Peaksun Building Princeton St., Wackwack Mandaluyong City
Complete Mailing Address of Company : Lodestar Investment Holdings Corporation 7th floor, Peaksun Bldg., Princeton St. Wackwack, Mandaluyong City			

Approximate Date on which copies of the Information Statement are first to be sent or given to security holders entitled to notice of and to vote at the Annual Meeting:
23 November 2017

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

Item 2. Dissenters' Right of Appraisal

A stockholder may exercise his dissenter's right of appraisal in case of any amendment to the Articles of Incorporation of the Company that has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence, or in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, or in case of merger or consolidation.

To exercise the right of appraisal, a dissenting stockholder may demand payment of the fair value of his shares by voting against the proposed corporate action and making a written demand on the Company within thirty (30) days after the date on which the vote was taken; otherwise, the failure to make the demand within the said period shall be deemed a waiver of the appraisal right of the dissenting stockholder. Within ten (10) days after demanding payment of his shares, the dissenting stockholder shall submit to the Company the certificate(s) of stock representing his shares for notation thereon that the shares are dissenting shares; otherwise, his failure to do so shall, at the option of the Company, terminate his appraisal rights.

If the action giving rise to the right of appraisal is effected, the Company shall pay to such stockholder, upon surrender of the certificate(s) of stocks representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any

appreciation or depreciation in anticipation of such corporate action. If within the period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third, by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after the award is made, provided that the Company has unrestricted retained earnings in its books to cover such payment and that upon payment by the Company of the agreed or awarded price, the stockholder shall immediately transfer his shares to the Company.

Any other right or action arising from the exercise of a dissenting stockholder of his appraisal rights shall be governed by and in accordance with Title X of the Corporation Code of the Philippines.

No action is to be taken which will give rise to the exercise by a shareholder of his appraisal right as provided under Title X of the Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) *Substantial interest of directors / officers of the Registrant in any matter to be acted upon other than election to office*

There are no matters in which substantial interest of directors or officers of the Corporation are to be acted upon other than election to office.

- (b) *Director's opposition to any action intended to be taken by the Company during the Annual Meeting.*

No director has informed the Company in writing of any intention of opposing any action intended to be taken by the Company during the Annual Meeting.

2. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) *Class entitled to vote*

As of 20 October 2017, there are 3,000,000,000 shares of the Company's common stock outstanding, consisting of 2,987,862,999 Filipino and 13,129,011 Non-Filipino shareholders. It is expected that on record date, 22 November 2017, the same total number of shares will be outstanding and entitled to vote at the Annual Meeting.

- (b) *Record Date*

The Record Date for the Annual Meeting is 22 November 2017. Thus, only stockholders of record at the close of business on 22 November 2017 are entitled to notice of and to vote at the Annual Meeting.

(c) *Voting Rights*

A stockholder may vote the shares outstanding in his name as of the date of record in the stock transfer books of the Company either in person or by proxy. At his option, a stockholder may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. In all instances, the total number of votes shall not exceed seven times the number of shares owned by him. The seven nominees who receive the highest number of votes shall be declared elected.

(d) *Security Ownership of Certain Record and Beneficial Owners and Management*

(1) *Security Ownership of Certain Record and Beneficial Owners*

The table below outlines the persons as of 20 October 2017 who are known to the Corporation to be directly or indirectly the record and / or beneficial owner of more than five (5%) of any class of the Corporation's voting securities:

Title / Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Socorro P. Lim 1560 Carissa St., Dasmariñas Village, Makati City No relationship with issuer	Socorro P. Lim	Filipino	2,000,000,000	66.67%
Common	PCD Nominee Corporation G/F Tower One, Ayala Avenue, Makati City No relationship with Issuer	PCD Nominee Corporation is a wholly owned subsidiary of the Philippine Depository and Trust Corporation, Inc. (PDTC) is the registered owner of the shares in the books of the Registrant's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants, who hold the shares either in their own behalf or on behalf of their clients. The following PDTC participants hold more than 5% of the Registrant's voting securities: 1. AP Securities Incorporated – 201,570,000 – (6.72%) The Registrant has no information on the persons authorized to vote the shares of the above-named PDTC participants. They will only be made known to the Registrant once the proxies and /or proper board resolutions on such authorizations are transmitted	Filipino	620,353,429	20.678%

		to the Company.			
Common	Nathaniel C. Go Renaissance 3000 Tower 1, Meralco Avenue, Ortigas Center, Pasig City No relationship with issuer	Nathaniel C. Go	Filipino	260,000,000	8.667 %

The clients of the PCD Nominee Corporation have the power to decide how their shares are to be voted.

(2) Security Ownership of Management

As of 20 October 2017, the shares owned by the directors and executive officers of the Company and the percentage of their shareholdings, are as follows:

Title of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect	Citizenship	Percent of Class
Common	Antonio Victoriano F. Gregorio III Director / Chairman	10,000 (Direct)	Filipino	Nil
Common	Chi Ho Co Director / President	10,000 (Direct)	Filipino	Nil
Common	Delfin S. Castro, Jr.	(10,000) Direct	Filipino	Nil
Common	Ramoncito B. Cabalu	(1,000) Direct	Filipino	Nil
Common	Benjamin I. Espiritu	(1,000) Direct	Filipino	Nil
Common	Manuel G. Ong	1,000 (Direct)	Filipino	Nil
Common	Venus L. Gregorio Corporate Secretary / Corporate Information Officer	10,000 (Indirect – in the name of spouse, Antonio Victoriano F. Gregorio III already counted above)	Filipino	Nil
Aggregate for above named Officers And Directors		33,000	---	Nil

(3) Voting Trust of Five Percent (5%) or More

The Company is not aware of any voting trust or similar arrangements involving securities of the Company or of any person who holds more than five percent (5%) of a class of securities under a voting trust or similar arrangements.

(e) Change in Control

On 14 June 2017, the Securities and Exchange Commission approved the increase in the authorized capital of the Company with the subscription by Ms. Socorro P. Lim to 2,000,000,000 shares of the Company and which resulted in Ms. Lim being the owner of 66.67% of the Company's total shareholdings.

Item 5. Directors and Executive Officers

(a) Disclosure of information concerning the background of the Registrant's officers, directors, and other key personnel.

As of 30 October 2017, the Board of Directors and Executive Officers of the Company consist of the following individuals:

Name	Position	Nationality	Period Served (as Director)
▪ Antonio V.F. Gregorio III	Director / Chairman	Filipino	2009 to present
▪ Chi Ho Co	Director / President	Filipino	2008 to present
▪ Delfin S. Castro, Jr.	Director / CFO / Treasurer	Filipino	2015 to present
▪ Ramoncito B. Cabalu	Director	Filipino	2015 to present
▪ Benjamin I. Espiritu	Independent Director	Filipino	2016-present
▪ Manuel G. Ong	Independent Director	Filipino	2015 to present
▪ Venus L. Gregorio	Corporate Information Officer / Corporate Secretary	Filipino	2012 to present

A brief background and business experience, for the last five (5) years, of the above-named Directors and Officers are provided herein as follows:

ANTONIO VICTORIANO F. GREGORIO III, 44, Filipino, Director, Chairman.

Atty. Antonio Gregorio III graduated Second Honors, with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations of 1998. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, both from the Ateneo de Manila University, Magna Cum Laude. He was a valedictorian of his high school class in the Ateneo. Atty. Gregorio sits as director and officer of various public and private companies, including NiHAO Mineral Resources International, Inc., (President from 2011 and Chairman from 2012 to present) Dizon Copper-Silver Mines (Treasurer/Director from 2012 to present), Abacore Capital Holdings, Inc. (Director, 2009 to present), Cuervo Far East, Inc.(Corporate Secretary/Director, 2005 to present), Alta Minera, Inc., Breccia Resources, Inc., and Millionaire's Offices and Properties, Inc. (Chairman, 2011 to present), Beaver Q Corporation and Barnyard Realty Corporation (Corporate Secretary, 2002 to present), Big Herald Link International Corporation (Corporate Secretary/Treasurer/Director, 2004 to present and 4A9T Scholarship foundation, Inc. (Corporate Secretary/Trustee from 1999 to present). He was formerly a Director of the following companies: Asiabest Group International Inc. (Chairman and President from 2011 to 2017), GNA Resources International Limited (2011 to 2015) and World Wide Manpower Overseas, Inc. (2007 to 2014).

CHI HO CO, 45, Filipino, Director and President.

Mr. Chi Ho Co is a businessman who currently serves as Director and Officer of various publicly listed and private companies including Nihao Mineral Resources International, Inc. (2013 to present), Geograce Resources Philippines, Inc. (2013 to present), Hightower, Inc. of which he is the President (2003 to present), Glomedic Philippines, Inc. (Chairman, 2004 to present), Banquets in Style, Inc.(Chairman, 2003 to present), Cavite Apparel Corporation (VP, 1998 to present), Subic Bay Apparel Corporation (VP, 1998 to present), Julia Realty & Development Corp. (Treasurer, 2006 to present), Edgeport Properties, Inc. (Treasurer/Secretary, 2006 to present), Fasttrack Realty & Development, Inc. (Chairman, 2004 to present) and CAC Motors Corp. (President, 2002 to present) among other companies. He was formerly a Director of Asiabest Group International Inc. (2011 to 2017).

RAMONCITO B. CABALU, Filipino, 60.

Mr. Ramoncito Cabalu graduated with a Bachelor of Arts degree major in Economics and Social Sciences at the University of the Philippines in 1977. Mr. Cabalu is a director and

President of a major entertainment company Circle Asia Group with major industry players to service the entertainment requirements of gaming companies in Manila and the emerging markets (2014). He is also currently a director and Partner of Maple Tree Investments (2014) and Vice-President/Partner for Business Development of Garco Minerals and Chemical Trading.

DELFIN S. CASTRO, JR. Filipino, 51.

Mr. Delfin S. Castro, Jr. holds a Masters Degree in Business Administration and a Bachelor of Science Degree in Business Administration from the University of the Philippines. He is currently a Director/Treasurer of Nihao Mineral resources International, Inc. (2012 – present), Director/Treasurer of Geograce Resources Philippines Incorporated (2006 – present), Director of Dizon Copper-Silver Mines, Inc. (2012 – present). He is also a Director and Corporate Secretary of Sunplaza Development Corporation and Treasurer of The Peak Condominium Corporation. He was formerly a Director / Treasurer of AsiaBest Group International, Inc. (2010 – 2017).

BENJAMIN I. ESPIRITU, Filipino, 64.

Mr. Benjamin Espiritu is a Certified Public Accountant and is a corporate governance practitioner who has trained over 5,000 directors of banks, publicly listed companies, insurance companies and distribution utilities since 2002. He currently holds various corporate positions and officerships in both the private and government sector. He is the President of Risks, Opportunities Assessment and Management, President and CEO of Change Management International, Inc., Chairman and CEO of Ormin Realty Corporation, Chairman of Banco de Mindoro, Inc., Chairman and President of Konstruktura Development Resources Corp. and heads several other private corporation and two family foundations. He is also the Chairman of the Board of Regents of Pamantasan ng Lungsod ng Maynila, Chairman of the Board of Trustees of Ospital ng Maynila. He is a Director of Central Azucarera de Tarlac, Inc., and Dizon Copper Silver Mines, Inc., both of which are publicly listed companies, and of Instrastrata Assurance Corporation.

MANUEL G. ONG, Filipino, 59.

Mr. Manuel Ong studied Bachelor of Science major in Chemical Engineering from the Xavier School. He is currently the Vice President and Technical Director of Industrial Welding Corporation.

VENUS L. GREGORIO, 48, Filipino, Corporate Information Officer and Corporate Secretary.

Atty. Venus L. Gregorio graduated with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations of 1998. She has a Bachelor of Arts degree major in Political Science from the University of the Philippines. Atty. Gregorio is the Asst. Corporate Information Officer and Assistant Corporate Secretary of Dizon Copper-Silver Mines, Inc. Asst. Corporate Secretary/Director of Cuervo Far East, Inc. (2005 to present). She was the Corporate Secretary and Corporate Information Officer of Asiabest Group International Inc. (2011 to 2017).

Nominees

During the Annual Stockholders Meeting, the following nominees shall be voted for election for the following positions for a term of one year until their successors are duly elected and qualified:

Name of Nominee	Position	Nationality
1. Antonio Victoriano F. Gregorio III	Director	Filipino
1. Chi Ho Co	Director	Filipino
2. Delfin S. Castro, Jr.	Director	Filipino
3. Richard N. Palou	Director	Filipino
4. Ramoncito B. Cabalu	Director	Filipino
5. Richard N. Palou	Director	Filipino
6. Manuel G. Ong	Independent Director	Filipino
7. Benjamin I. Espiritu	Independent Director	Filipino

Mr. Richard N. Palou who is not a current director is being nominated to the position of Director.

Mr. Richard William N. Palou has served as a Director of Asiabest Group International Inc. since 2008. He is an MBA candidate and a graduate of Business Management at the Ateneo de Manila University. He currently serves as Director of DENAGA Pawnshop, Inc. (2007 to present), Vantage Investigation and Security Agency, Inc. (2007 to present), and First Philippine Wind Corporation (1997 to present). He was the Director for the University Athletics at the Ateneo de Manila University (2004 to 2017).

The Nomination Committee passed upon and approved the nomination of the above-named Nominees for Directors. The Nomination Committee is composed of Messrs. Antonio Victoriano F. Gregorio III, Chi Ho Co and Manuel G. Ong.

Per the Company's Amended By-Laws, "the Corporation shall conform with the requirement to have such number of Independent Directors as may be required by law, possessed with such qualifications as may be prescribed by law. An "Independent Director" is a person who, apart from his fees and shareholdings, which shareholdings do not exceed two percent (2%) of the shares of the Corporation and/ or its related companies or any of its substantial shareholders, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation x x x." (*Article III, Section 4 of the Amended By-laws*).

The Nomination Committee approved the nominations of Messrs. Manuel G. Ong and Benjamin I. Espiritu for the positions of Independent Directors. Mr. Ong was nominated by Mr. Chi Ho Co and Mr. Espiritu was nominated by Atty. Antonio Victoriano F. Gregorio III. Messrs. Co and Gregorio are not related to any nominee for Independent Directors either by consanguinity or affinity.

Messrs. Ong and Espiritu submitted their credentials to support their qualifications and establish absence of grounds for disqualification for the positions of Independent Directors, as provided for under the Securities Regulation Code, its implementing rules and regulations, pertinent SEC circulars and the Code on Corporate Governance.

The Company considered and adhered to the requirements of SRC Rule 38, as amended, on the nomination and election of Independent Directors. The nominees were screened and included in the final list of candidates for election to the Board of Directors. All nominees were found to possess all the qualifications and none of the disqualifications for election to the positions of regular and independent directors.

(1) *Significant Employees*

The Company maintains a skeletal force of technical and administrative personnel. For 2018, the Company does not know yet of any such personnel is expected to make significant contribution to the business, and thus has no significant employees to name and report.

(2) *Family Relations*

Atty. Antonio Victoriano F. Gregorio III and Atty. Venus L. Gregorio are spouses.

Other than the relationship disclosed above, the company is not aware of any other family relationships up to the fourth civil degree, either by consanguinity or affinity, among the directors and officers of the Company.

(b) *Certain Relationships and Related Transactions*

(a) *Advances to a Stockholder*

The Company obtains short-term and non interest-bearing advances from stockholders for working capital requirements. Total advances amounted to P 1,857,076.00 as of December 2016.

In 2015 and 2014, the Company granted noninterest-bearing advances to a stockholder for working capital purposes. The advances to a stockholder are unsecured and are due and collectible upon demand. These advances are generally settled in cash.

The movements in the balance of advances to a stockholder, shown as Advances to a Stockholder account in the statements of financial position as at December 31 2016, are as follows:

	2016	2015
Balance at beginning of year	P 1,857,076	P 2,457,076
Collections	<u>0</u>	<u>(600,000)</u>
Balance at end of year	P 1,857,076	P 1,857,076

Based on management's assessment, the outstanding balance of the Company's advances to a stockholder is not impaired as at December 31, 2016; hence, no impairment loss is recognized during the year.

(b) *Legal Services*

The Company avails of the services rendered by lawyers who are also key management personnel of the Company. The related legal fees amounted to P 280,000 for the nine-month period of 2017 and P 820,000 and P 1,118,889 for the years 2016 and 2015, respectively. Total outstanding balances related to these transactions amounting to P 0, P 1,052,000 and P 1,314,000 as at September 30, 2017, December 31, 2016 and 2015. These services are necessary for the continued operations of the Company at rates that are competitive in the industry. The services are expected to continue until a notice of termination is served by the Company.

(c) *Key management Personnel Compensation*

There were no key management personnel compensation for the years 2016 and 2017.

There are no other transactions with parties that do not strictly fall under the definition of related parties but with whom the Company or its related parties have a relationship that enable the parties to negotiate the terms of the material transactions that may not be available from independent parties on an arm's length basis.

(c) Involvement in Certain Legal Proceedings

To the best of Issuer's knowledge, there is no event listed below that occurred during the past five (5) years up to latest date that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the registrant:

- 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;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(d) Disclosure of disagreements of Directors and Executive officers with the Registrant.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of disagreements with the Registrant on any matter relating to the Registrant's operations, policies or practices. No director has furnished the Registrant with a letter describing such disagreement and requesting that the matter be disclosed.

Item 6. Compensation of Directors and Executive Officers

No action is to be taken at the Annual Meeting with respect to any bonus, profit sharing or other compensation plan, contract or arrangement in which any director or executive officer of the Company will participate, and pension, or retirement plan in which any such person will participate, or the granting or extension to any such person of option/s, warrant/s or right/s to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis.

Only minimal per diems or allowances were paid to executive officers and directors of the Company for the preceding fiscal year. Details of such compensation, allowances, and per diems of executive officers, directors, and employees are discussed below.

(a) Directors' per diems

Directors receive a minimal per diem of ₱ 5,000.00 to ₱ 10,000.00 for attendance in

Name	Position	Year	Salary	Bonus	Per Diem
Antonio V.F. Gregorio III	Chairman	2017	-	-	11,111
		2016	-	-	36,111
		2015	-	-	27,778
Chi Ho Co	President	2017	-	-	11,111
		2016	-	-	22,222
		2015	-	-	16,668
Delfin S. Castro, Jr.	Treasurer	2017	-	-	11,111
		2016	-	-	22,222
		2015	-	-	5,555
Venus L. Gregorio	Corporate Secretary / CIO	2017	-	-	11,111
		2016	-	-	36,111
		2015	-	-	27,778
All other officers and directors as a group		2017	-	-	27,778
		2016	-	-	88,889
		2015	-	-	55,556

Board meetings of the Corporation.

No other allowances and bonuses are given to Directors of the Corporation by reason of their position as director. The aggregate total compensation for the Chairman, the President and Directors of the Company is shown below as of 30 September 2017:

(b) Executive Compensation

The Chairman and the President did not receive or draw any salary, bonus, or other forms of Compensation from the Corporation except minimal per diems.

Item 7. Independent Public Accountant

The Company retained Punongbayan and Araullo, the External Auditors who audited the Company's financial statements for the fiscal years ended 31 December 2016. There were no disagreements with Accountants on accounting and financial disclosure. Representatives of the said firm are expected to be present at the Annual Meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. The Company is compliant with SRC Rules 68, (3) (b) (iv) on rotation of external auditors. Management will seek an authorization from the stockholders for the delegation of the authority to appoint the External Auditor for the year 2017 to the Board of Directors.

External Audit Fees and Services

The fees paid by the Company for professional services rendered by an external auditor for the last three (3) years are as follows:

	2016	2015	2014
Audit fees	₱ 265,000.00	₱ 240,000.00	₱ 215,000.00

The scope of services rendered by the external auditor was to audit the Company's financial statements. Mr. Christopher M. Ferarez, was the signing partner for the fiscal year ending 31 December 2016.

It was also in 2016 when PNA was commissioned not only to conduct the annual audit of the financial statements but also to prepare a special audit report to support the Company's application for increase in authorized capital stock, service fees amount to ₱ 69,000.00. Mr. Christopher M. Ferareza was also the signing partner for the special audit report.

Audit Committee

The Audit Committee of the Company is composed of the following:

Member	Position
• Manuel G. Ong	Chairman
• Chi Ho Co	Member
• Antonio Victoriano F. Gregorio III	Member

As provided under the Audit Committee Charter, an Audit Committee was created to provide for the composition, powers and duties thereof. Among others, the Audit Committee is tasked to:

- Assist the Board of Directors in performing oversight responsibility for the financial reporting processes.
- Supervise management activities and responsibilities in maintaining a sound system of internal control.
- Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system.
- Coordinate, monitor and facilitate compliance with laws, rules and regulations in financial reporting.
- Review reports and financial statements before their submission to the Board of Directors.

The Audit Committee shall be responsible for the preparation, review and approval and issuance of the Company's financial statements and reports. Among others, the Audit Committee shall:

- a. Review and approve audit scope and frequency and the annual internal audit plan.
- b. Provide oversight over the senior management's activities in managing credit, market liquidity, operational, Legal and other risks of the Company. The function shall include receiving from senior management periodic information on risk exposures and risk management activities.
- c. Review the quarterly, half year and annual financial statements before submission to the Board, focusing particularly on any change/s in accounting policies and practices.
- d. Determine and evaluate significant adjustment resulting from audit and going concern assumptions
- e. Ensure compliance with accounting standards and compliance with tax, legal, and stock exchange requirements
- f. Be responsible for coordinating, monitoring and facilitating compliance with existing laws, rules and regulations. It may also constitute a Compliance Unit for this purpose.

- g. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.
- h. Review and discuss with management and external auditor the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following:
 - Any change/s in accounting policies and practices;
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - Going concern assumptions;
 - Compliance with accounting standards;
 - Compliance with tax, legal and regulatory requirements;
- i. Review other relevant reports or financial information submitted by the company to any governmental body or the public or financial report and relevant reports rendered by the external auditor.
- j. Elevate to international standards the accounting and auditing processes, practices and methodologies of the Corporation.
- k. Check all financial reports against its compliance with pertinent accounting standards, including laws and regulatory requirements and review the management representation letter to the external auditor.

The Audit Committee shall have overall responsibility over the external audit of the Company from the selection process to the approval for issuance of financial statements for the statutory periods. Among others, the Audit Committee shall be responsible for the following:

- a. Recommend to the board of directors the selection of the external auditors among qualified and reputable audit firms, considering independence, effectiveness and professionalism.
- b. Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- c. Discuss with the external auditor before the audit commences the nature and scope of the audit and ensure coordination where more than one audit firm is involved.
- d. Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. In performing this review, the committee will:
 - 1) At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or per review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the company.
 - 2) Review and evaluate the lead partner of the independent auditor.

- 3) Present its conclusions with respect to the external auditor to the Board.
- e. Ensure the rotation of the lead audit partner every five years and other audit partners, and consider whether there should be regular rotation of the audit firm itself.
- f. Periodically consult with the external auditors out of the presence of management about internal controls and fullness and accuracy of the company's financial statements.
- g. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- h. Receive and review reports of external auditors and regulatory agencies, where applicable and ensure that management is taking appropriate corrective actions, in timely manner in addressing control and compliance functions with regulatory agencies.
- i. Pre-approve the engagement of the external auditor or other independent accountant to conduct any non-audit services to be performed during the year.
- j. Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to external auditor both in relation to their significance to the auditor and in relation to the Company's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report

Item 8. Compensation Plans

There will be no cash or non-cash compensation plans, or adjustments or amendments in stock warrants or options that will be taken up during the Annual Meeting.

a. Financial and other Information

1. The Audited Financial Statements as of 31 December 2016, Annual Report, and Unaudited Financial Statements 1st and 2nd quarters of 2017 are hereto attached as Annexes "A", "B", "C" and "D".
2. The Management Report and Plans of Operation are discussed in a separate section.
3. There are no changes in and disagreements with accountants on accounting and financial disclosure; and
4. Representatives of the principal accountants for the current year and for the most recently completed fiscal year:
 - (i) are expected to be present at the security holders' meeting;
 - (ii) will have the opportunity to make a statement if they desire to do so; and
 - (iii) are expected to be available to respond to appropriate questions

Item 10. Modification or Exchange of Securities

There are no matters to be proposed to Shareholders under Modification or Exchange of Securities.

Item 11. Financial and Other Information

A. *Stockholders are furnished the following information and documents:*

- The Audited Financial Statements of the Company for the fiscal year 2016 is attached to this Information Statement as Annex "A" and incorporated herein by reference as part of the Financial Report of Management for the fiscal year 2016.
- During the Company's two (2) most recent fiscal years or any subsequent interim periods, the Company had no material disagreements with its external auditor, Punongbayan & Araullo, on accounting and financial disclosures.
- Representatives of Punongbayan & Araullo are expected to be present at the Annual Meeting and will have opportunity to make a statement, if they desire to do so, and are expected to be available to respond to appropriate questions.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters to be discussed under Mergers, Consolidations, Acquisitions and Similar Matters.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Registrant.

3. OTHER MATTERS

Item 15. Action with Respect to Reports

The following reports will be submitted for approval by the Stockholders:

1. The Minutes of the Annual Stockholders' Meeting held on 8 December 2016.
2. Audited Financial Statements for the year ended 31 December 2016.
3. Annual report for the year 2016.

Item 16. Matters Not Required to be Submitted

Other than those mentioned, there are no other actions to be taken at the Annual Meeting with respect to any matter which is not required to be submitted to a vote of security holders.

Item 18. Other Proposed Actions

- (a) *Ratification of All Acts of Management and the Board of Directors for the period 8 December 2016 to the date of the Stockholders' Meeting*

Stockholders' approval and / or ratification is sought with respect to the following results of meeting, actions and reports of the Board of Directors and Management for the period 8 December 2016 to the date of the Stockholders' Meeting :

Date	Results of Meeting, Action and Report																
8 December 2016	<ul style="list-style-type: none"> • Results of the Annual Stockholders' Meeting, consisting of the following matters: <ol style="list-style-type: none"> 1. Approval of the Minutes of the Annual Stockholders' Meeting held on 11 December 2015. 2. Adoption of the Audited Financial Statements and Annual Reports for the calendar year ended 31 December 2015. 3. Change of Corporate Address from Metro Manila to 7th Floor Peaksun Bldg., Princeton St., Brgy. Greenhills East, Wackwack, Mandaluyong City 4. Affirmation, ratification and re-adoption of the increase in the authorized capital stock of the Company which was approved by the Board of Directors on 6 November 2009 and by shareholders owning and representing more than 2/3 of the authorized capital stock on 17 December 2009 and re-affirmed, ratified and re-adopted by more than 50% of the shareholders during the 11 December 2015 Annual Stockholders' Meeting. 5. Approval of the sale and issuance of a total of Two billion two hundred sixty million (2,260,000,000) shares of the Company at Ten Centavos (₱ .10) per share to various Investors, under private placements, listing of said shares in the Philippine Stock Exchange ("PSE"), and waiver of the requirement to conduct a rights or public offering of the shares approved by a majority vote representing the outstanding shares held by the minority present or represented in the meeting 6. President's Report for 2015. 7. During said meeting, the stockholders likewise elected the following directors: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name</th><th style="text-align: center;">Nationality</th></tr> </thead> <tbody> <tr> <td>Antonio Victoriano F. Gregorio III</td><td>Filipino</td></tr> <tr> <td>Chi Ho Co</td><td>Filipino</td></tr> <tr> <td>Delfin S. Castro, Jr.</td><td>Filipino</td></tr> <tr> <td>Leonardo S. Gayao</td><td>Filipino</td></tr> <tr> <td>Ramoncito B. Cabalu</td><td>Filipino</td></tr> <tr> <td>Benjamin I. Espiritu (Independent Director)</td><td>Filipino</td></tr> <tr> <td>Manuel G. Ong (Independent Director)</td><td>Filipino</td></tr> </tbody> </table> <p>Messrs. Espiritu and Ong submitted their credentials to support their qualifications for the positions of Independent Directors. The Company adopts SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and compliance therewith has been made. The Company always undertakes to abide by the existing SRC Rule 38 on the required number of independent directors subject to any revision that may be prescribed by the SEC.</p> <ol style="list-style-type: none"> 8. All acts of the Board of Directors and Management for the period covered from the last Annual Stockholders Meeting of the Corporation held on 11 December 2015 to the date of the 2016 Annual Stockholders Meeting. 9. Appointment of Punongbayan and Araullo as the Company's External Auditor. 	Name	Nationality	Antonio Victoriano F. Gregorio III	Filipino	Chi Ho Co	Filipino	Delfin S. Castro, Jr.	Filipino	Leonardo S. Gayao	Filipino	Ramoncito B. Cabalu	Filipino	Benjamin I. Espiritu (Independent Director)	Filipino	Manuel G. Ong (Independent Director)	Filipino
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Manuel G. Ong (Independent Director)	Filipino																

	<ul style="list-style-type: none"> • Results of the Organizational meeting of the Board of Directors <ol style="list-style-type: none"> 1. The following were elected officers of the Corporation: <table border="0" data-bbox="552 332 1303 503"> <tr><td>Chairman</td><td>-</td><td>Atty. Antonio Victoriano F. Gregorio III</td></tr> <tr><td>President</td><td>-</td><td>Chi Ho Co</td></tr> <tr><td>Treasurer & Chief Financial Officer</td><td>-</td><td>Delfin S. Castro, Jr.</td></tr> <tr><td>Corporate Secretary & Corporate Information Officer</td><td>-</td><td>Venus L. Gregorio</td></tr> </table> 2. The following persons were likewise appointed to the following Committee memberships: <table border="1" data-bbox="600 624 1394 765"> <thead> <tr><th colspan="2">Executive Committee</th></tr> </thead> <tbody> <tr><td>Antonio Victoriano F. Gregorio III</td><td>Chairman</td></tr> <tr><td>Leonardo S. Gayao</td><td>Member</td></tr> <tr><td>Chi Ho Co</td><td>Member</td></tr> <tr><td>Manuel G. Ong</td><td>Member</td></tr> </tbody> </table> <table border="1" data-bbox="600 792 1394 911"> <thead> <tr><th colspan="2">Governance Committee</th></tr> </thead> <tbody> <tr><td>Manuel G. Ong</td><td>Chairman</td></tr> <tr><td>Benjamin I. Espiritu</td><td>Member</td></tr> <tr><td>Leonardo S. Gayao</td><td>Member</td></tr> </tbody> </table> <table border="1" data-bbox="600 938 1394 1057"> <thead> <tr><th colspan="2">Nominations Committee</th></tr> </thead> <tbody> <tr><td>Antonio Victoriano F. Gregorio III</td><td>Chairman</td></tr> <tr><td>Chi Ho Co</td><td>Member</td></tr> <tr><td>Manuel G. Ong</td><td>Member</td></tr> </tbody> </table> <table border="1" data-bbox="600 1084 1394 1203"> <thead> <tr><th colspan="2">Audit Committee</th></tr> </thead> <tbody> <tr><td>Manuel G. Ong</td><td>Chairman</td></tr> <tr><td>Chi Ho Co</td><td>Member</td></tr> <tr><td>Antonio Victoriano F. Gregorio III</td><td>Member</td></tr> </tbody> </table> <table border="1" data-bbox="600 1230 1394 1349"> <thead> <tr><th colspan="2">Compensation Committee</th></tr> </thead> <tbody> <tr><td>Manuel G. Ong</td><td>Chairman</td></tr> <tr><td>Delfin S. Castro, Jr.</td><td>Member</td></tr> <tr><td>Leonardo S. Gayao</td><td>Member</td></tr> </tbody> </table> 	Chairman	-	Atty. Antonio Victoriano F. Gregorio III	President	-	Chi Ho Co	Treasurer & Chief Financial Officer	-	Delfin S. Castro, Jr.	Corporate Secretary & Corporate Information Officer	-	Venus L. Gregorio	Executive Committee		Antonio Victoriano F. Gregorio III	Chairman	Leonardo S. Gayao	Member	Chi Ho Co	Member	Manuel G. Ong	Member	Governance Committee		Manuel G. Ong	Chairman	Benjamin I. Espiritu	Member	Leonardo S. Gayao	Member	Nominations Committee		Antonio Victoriano F. Gregorio III	Chairman	Chi Ho Co	Member	Manuel G. Ong	Member	Audit Committee		Manuel G. Ong	Chairman	Chi Ho Co	Member	Antonio Victoriano F. Gregorio III	Member	Compensation Committee		Manuel G. Ong	Chairman	Delfin S. Castro, Jr.	Member	Leonardo S. Gayao	Member
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24 March 2017	<ul style="list-style-type: none"> • Results of the meeting of the Board of Directors consisting of the following matters: <ol style="list-style-type: none"> 1. Board Approval of the Annual Corporate Governance Report for 2016 and appointment of authorized signatories thereto. 2. Board Approval of the 2017 Code of Corporate Governance. 																																																						
29 May 2017																																																							

Item 19. Voting Procedures

(a) Vote Required for Approval

In all items for which stockholders' approval is sought as described in this Information Statement, each share of stock entitles its registered holder to one (1) vote.

All other matters subject to vote, except in cases where the law provides otherwise, shall be decided by the majority vote of stockholders present in person or by his proxy, if there be such proxy, and entitled to vote thereat, provided that a quorum is present.

(b) Method by which votes will be counted

There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done by *viva voce*, show of hands or by balloting.

The Corporate Secretary will be responsible for counting of votes based on the number of shares entitled to vote owned by stockholders who are present or represented by proxies at the Annual Meeting.

PART III.

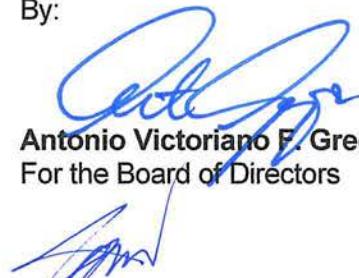
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After reasonable inquiry and to the best of my knowledge and belief, we certify that the information set forth in this report is true, complete and correct.

This report is signed in Quezon City on 30 October 2017.

**LODESTAR INVESTMENT
HOLDINGS CORPORATION**

By:



Antonio Victoriano F. Gregorio III
For the Board of Directors



Venus L. Gregorio
Corporate Secretary

Management Report

A. Management Discussion and Analysis and Plan of Operation

Management's Discussion and Analysis (MD&A) or Plan of Operations

On July 21, 2015, the Company entered into Cancellation of the Heads of Agreement, Amended Heads of Agreement and Allied Contracts with Abacus Consolidated Resources Holdings, Inc. (ABACORE) and Abacus Coal Exploration and Development Corporation (ABACOAL). The cancellation was necessitated by the fact that the Merger with ABACOAL was not approved by LIHC shareholders for lack of quorum during the Annual Shareholder's Meetings called for the last three (3) years.

By way of background, On September 24, 2008, the Company entered into a Heads of Agreement with Music Semiconductors Corporation ("MSC") and ABACORE for the joint acquisition by the Company and MSC of all issued and outstanding shares of stock of ABACOAL, a subsidiary of ABACORE. The Company and MSC have likewise entered into an Agreement for Joint Investment which was amended in 2008 to effect a transfer of all the rights and interests of MSC in ABACOAL to Lodestar.

On November 3, 2010, ABACOAL and the Company further revised the terms of the Heads of Agreement and agreed that the Company shall acquire the Coal property and all the other assets and liabilities of ABACOAL by and through a merger, with the Company as the surviving entity. By virtue of said merger, the Company shall issue 250,000,000 new common shares at a par value of ₱0.10 and an agreed issue value of ₱0.90 to ABACOAL.

On April 12, 2011, the Department of Energy approved the conversion of Coal Operating Contract 148 to Development and Production phase. The proposed 5-year work program of ABACOAL was evaluated and found to be technically and financially qualified to undertake development and production of coal resources located at Tago, Surigao del Sur.

On 16 October 2012, the Board of Directors of Lodestar authorized the Chairman to sign and execute a Plan of Merger with ABACOAL. The Plan of Merger with ABACOAL was not approved for lack of the necessary votes of 2/3 majority of Lodestar's shareholders. Considering the inability of the Company to have the Plan of Merger approved, the Board of Directors passed the necessary resolutions to cancel the Heads of Agreement.

Meantime, in line with the primary purpose of the Company as a holdings corporation, business outlook for 2017 and 2018 is geared towards looking for other business ventures. Thus, the Company may again tap into various sources to look for opportunities in the various business sectors that are viable, growing and profitable. The Company's strategy will be to invest-buy-in or acquire businesses where the Company will at least own a significant stake or interest of the investee Company's outstanding capital. The said investment amount will allow the Company to recognize its proportionate share of the equitized earnings from its investee companies.

At the current time, the Company has no definitive plans of:

- a. undertaking any product research and development;
- b. acquiring, purchasing or selling of any plant and significant equipment; and
- c. increasing the number of employees.

Financial Condition

Second Quarter 2017 (Unaudited Financial Statements)

The Company's Total Assets comprising of Current Assets amount to ₦ 242.64 million which is 1009% or ₦ 220.76 million higher than that of June 30, 2016 balance amounting to ₦ 21.87 million. Total Assets on June 30, 2017 is comprised of ₦ 235.55 million in Cash, ₦ 421.08 thousand in Advances to a stockholder and ₦ 6.67 million in Other Current Assets.

The Company's Total Liabilities were comprised of accounts payable and accrued expenses. The Total Liabilities decreased by ₦ 251.50 thousand or 17% from ₦ 1.47 million in June 2016 to ₦ 1.22 million in June 2017.

Stockholders' equity posted a 1083% or ₦ 221.01 million increase from ₦ 20.40 million in June 2016 to ₦ 241.42 million in June 2017, attributable mainly to the increase in authorized capital stock.

Material Changes to the Company's pro-forma Balance Sheet as of June 30, 2017 as compared with pro-forma Balance Sheet as of June 30, 2016 (increase/decrease of 5 % or more)

A 1806% or ₦ 223.19 million increase in Cash and cash equivalents from ₦ 12.36 million in June 2016 to ₦ 235.55 million in June 2017. The significant increase is due to the collection of advances and full payment of subscribed shares from increase in authorized capital stock. Advances to a stockholder decreased by 77%, from ₦ 1.86 million in June 2016 to ₦ 421.08 thousand in June 2017. Other current assets amounted to ₦ 6.67 million in June 2017, a decrease of ₦ 989.40 thousand or 13% compared to ₦ 7.66 million in June 2016. The decrease was mainly due to the recognition of provision for uncollectible accounts.

Total liabilities as of June 30, 2017 amounted to ₦ 1.22 million, a decreased by ₦ 251.50 thousand or 17% compared to ₦ 1.47 million of June 2016. The decrease was attributed mainly to partial settlement of accrued professional and legal fees.

Total deficit went up to ₦ 125.3 million in June 30, 2017 reflecting a 4% or ₦ 4.99 million difference from ₦ 120.31 million in June 2016.

Key Performance Indicators

Considering the Company's non-operational status, the key performance indicators of the Company are as follows:

	June 30, 2017	June 30, 2016
Current Ratio (1)	198.89x	14.87x
Quick Ratio (2)	193.08x	8.40x
Debt-equity ratio (3)	0.005x	0.072x
Book value per share (4)	0.08x	0.02x
Net Profit Margin (5)	NA	NA

- (1) *Current Assets / Current Liabilities*
 - June 2017 (₦ 242,635,507/₦ 1,219,952)
 - June 2016 (₦ 21,874,490/₦ 1,471,456)
- (2) *Cash / Current Liabilities*
 - June 2017 (₦ 235,547,815/₦ 1,219,952)
 - June 2016 (₦ 12,361,397/₦ 1,471,456)
- (3) *Debt / Equity*
 - June 2017 (₦ 1,219,952/₦ 241,415,555)
 - June 2016 (₦ 1,471,456/₦ 20,403,034)
- (4) *Equity / Subscribed Shares*
 - June 2017 (₦ 241,415,555/3,000,000,000)
 - June 2016 (₦ 20,403,034/1,000,000,000)

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is sometimes called the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities. Current ratio is significantly higher than the same period last year due to cash brought about by the increase in authorized capital stock.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid. Since the Company does not have any marketable securities and accounts receivables, the computation of this ratio was based on cash alone. Quick ratio for the current period is higher as compared to the same period of last year.

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company. The ratio for the current period is lower as compared with that of last year due to the payment of accrued expenses and an increase in authorized capital stock.

Book value Per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities divided by the total number of shares outstanding.

Net Profit Margin Ratio related to the profits of a company to its sales, assets or equity. It indicates the rate of profit from sales and other revenues. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

Additional Financial Soundness Indicators

	June 30, 2017	June 30, 2016
Asset to equity ratio (1)	1.005x	1.072x
Interest Rate coverage ratio (2)	NA	NA
Gross Profit Margin (3)	NA	NA

(1) Total Assets / Total Equity

June 2017 (₱ 242,635,507 / ₱ 241,415,555)
 June 2016 (₱ 21,874,490 / ₱ 20,403,034)

(2) Income before Interest and Taxes / Interest Expense

June 2017 N/A
 June 2016 N/A

(3) Gross Profit / Sales

June 2017 N/A
 June 2016 N/A

Asset to Equity ratio measures the financial leverage and long term solvency of the Company. It is derived by dividing the total asset from its total equity.

Interest Coverage Ratio determines how easily a company can pay interest on outstanding debt. The Company did not incur any interest on its advances.

Gross Profit Margin is derived by dividing gross profit by the sales. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

In this interim period:

- a) There is no known trend, event or uncertainty that has or is reasonably likely to have a negative impact on the Company's short-term or long-term liquidity. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments;

- b) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- c) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;
- d) There are no material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;
- e) There are no 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;
- f) There are no significant elements of income or loss that did not arise from the Company's continuing operations;
- h) No seasonal or cyclical factor that affected this quarter's interim operations.

First Quarter 2017 (Unaudited Financial Statements)

The Company did not earn any revenue during the three-month period ended March 31, 2017 as it has not undertaken commercial operations.

Expenses

Expenses went up by ₦ 27.12 thousand or 6.76% from ₦ 401.15 thousand in March 2016 to ₦428.28 thousand in March 2017. This is attributable to board meeting expenses relative to the approval of the release in audited financial statements of the Company.

Net Loss

After deducting interest income from regular savings account, the Company posted a net loss of ₦411.09 thousand for the period ended March 2017 which is 6.85% or ₦26.34 thousand higher as compared to net loss of ₦384.75 thousand on for the same period in 2016.

Financial Condition

The Company's Total Assets comprising of Current Assets amount to ₦94.66 million which is 326.82% or ₦72.48 million higher than that of March 31, 2016 balance amounting to ₦22.18 million. Total Assets on March 31, 2017 is comprised of ₦86.38 Million in Cash, ₦ 1.66 million in Advances to a stockholder and ₦6.63 million in Other Current Asset.

The Company's Total Liabilities were comprised of accounts payable and accrued expenses. The Total Liabilities decreased by ₦ 98.52 thousand or 6.34% from ₦1.55 million in March 2016 to ₦1.456 million in March 2017.

Stockholders' equity posted a 351.92 % or ₦ 72.58 million increase from ₦20.62 million in March 2016 to ₦93.21 million in March 2017, attributable mainly to the additional subscription of capital stock and deposit for future subscription.

Material Changes to the Company's pro-forma Balance Sheet as of March 31, 2017 as compared with pro-forma Balance Sheet as of March 31, 2016 (increase/decrease of 5 % or more)

580.26 % or ₦ 73.68 million increase in Cash and cash equivalents from ₦ 12.70 million in March 2016 to ₦ 86.38 million in March 2017. The significant increase is due to additional subscription.

6.34% or ₦ 98.52 thousand decrease in liabilities from ₦ 1554.06 thousand in March 2016 to ₦1455.57 million in September 2016 due to accrual of expenses.

2.84% or ₦ 3.42 million increase in deficit due to losses incurred during the period.

Key Performance Indicators

Considering the Company's non-operational status, the key performance indicators of the Company are as follows:	March 31, 2017	March 31, 2016
Current Ratio (1)	65.48x	14.27x
Quick Ratio (2)	59.34x	8.17 x
Debt-equity ratio (3)	0.016x	0.075x
Book value per share (4)	0.093x	0.03x
Net Profit Margin (5)	NA	NA

(1) *Current Assets / Current Liabilities*

March 2017 (₦ 94,663,969/₦ 1,445,571)
 March 2016 (₦ 22,178,961/₦ 1,554,087)

(2) *Cash / Current Liabilities*

March 2017 (₦ 86,380,421/₦ 1,455,571)
 March 2016 (₦ 12,698,125/₦ 1,554,087)

(3) *Debt / Equity*

March 2017 (₦1,455,571/₦93,208,397)
 March 2016 (₦1,554,087/₦20,624,875)

(4) *Equity /Subscribed Shares*

March 2017 (₦93,208,397/1,000,000,000)
 March 2016 (₦20,624,875/740,000,000)

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is sometimes called the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities. Current ratio is higher than the same period last year due to cash brought about by private placement activities.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid. Since the Company does not have any marketable securities and accounts receivables, the computation of this ratio was based on cash alone. Quick ratio for the current period is higher as compared to the same period of last year due to cash brought about by private placement transactions..

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company. The ratio for the current period is lower as compared with that of last year.

Book value Per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities divided by the total number of shares outstanding.

Net Profit Margin Ratio related to the profits of a company to its sales, assets or equity. It indicates the rate of profit from sales and other revenues. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

Additional Financial Soundness Indicators

	March 31, 2017	March 31, 2016
Asset to equity ratio (1)	1.0160x	1.08x
Interest Rate coverage ratio (2)	NA	NA
Gross Profit Margin (3)	NA	NA

- (1) *Total Assets / Total Equity*
 - March 2017 (₱ 94,663,969/₱ 93,208,792)
 - March 2016 (₱ 22,178,961/₱ 20,624,875)
- (2) *Income before Interest and Taxes / Interest Expense*
 - March 2017
 - March 2016
- (3) *Gross Profit / Sales*
 - March 2017
 - March 2016

Asset to Equity ratio measures the financial leverage and long term solvency of the Company. It is derived by dividing the total asset from its total equity.

Interest Coverage Ratio determines how easily a company can pay interest on outstanding debt. The Company did not incur any interest on its advances.

Gross Profit Margin is derived by dividing gross profit by the sales. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

In this interim period:

- b) There is no known trend, event or uncertainty that has or is reasonably likely to have a negative impact on the Company's short-term or long-term liquidity. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments;
- b) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- c) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;
- d) There are no material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;
- e) There are no 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;
- g) There are no significant elements of income or loss that did not arise from the Company's continuing operations;
- i) No seasonal or cyclical factor that affected this quarter's interim operations.

Full Fiscal Year
Calendar Year 2016

Financial Performance
In Philippine Pesos

Key Financial Indicator	Year 2016	Year 2015	Year 2014
Revenues	154,114	50,809	762
Cost and Expenses	2,435,687	2,130,134	1,960,136
Other Losses	1,108,560	20,000,000	
Net Income (Loss)	(3,390,133)	(22,079,325)	(1,959,374)
Current Assets	95,204,724	22,557,884	6,871,495
Current Liabilities	1,585,233	1,548,480	786,218
Total Assets	95,204,724	22,558,102	43,875,165
Total Liabilities	1,585,233	1,548,480	786,218
Stockholders' Equity	93,619,491	21,009,622	43,088,947
Current Ratio	60.06	14.57	8.74
Current Assets / Current Liabilities	95,204,724 / 1,585,233	22,557,884 / 1,548,480	6,871,495 / 786,218
Debt to Equity Ratio	0.02	0.07	0.02
Total Liabilities/Stockholders' Equity	1,585,233 / 93,619,491	1,548,480 / 21,009,622	786,218 / 43,088,947
Return on assets	NA	NA	NA
Net Income / Total Assets			
Earnings (Loss) Per Share	(0.003)	(0.030)	(0.003)
Net Income (Loss) /No. of shares outstanding	(3,390,133)/ 1,000 M	(22,079,325)/ 740 M	(1,959,374)/ 740 M

On October 25, 2016, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreements with the following investors:

1. Mr. Nathaniel Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (P 0.10) per share for a total subscription amount of Twenty Six Million Pesos (P26,000,000.00). The Subscribed Shares shall be issued out of the Company's current authorized capital stock of One Hundred Million Pesos (P100,000,000.00) consisting of One Billion (1,000,000,000) common shares with a par value of ten centavos (P0.10) per share. Full payment of the subscription was made on November 10, 2016.
2. Ms. Socorro P. Lim, for the subscription via private placement, to two billion (2,000,000) shares at the subscription price of ten centavos (P 0.10) per share for a total subscription amount of Two Hundred Million Pesos (P200,000,000.00). The Subscribed Shares shall be issued out of the increase in the Company's authorized capital stock from One Hundred Million Pesos (P100,000,000.00) consisting of One Billion (1,000,000,000) common shares with a par value of Ten Centavos (P0.10) per share to Three Hundred Million Pesos (P300,000,000.00) consisting of Three Billion (3,000,000,000) common shares. The required 25% payment downpayment of the subscription amounting to Fifty Million Pesos (P50,000,000.00 was made on November 15, 2016 and the balance was paid June 29, 2017.

Portions of the proceeds of these transactions will be used for investments into corporate undertakings or businesses though these are still not yet definite or identified as of date, hence, no acquisition or combination has resulted from, or accompanies the transactions.

The above transactions resulted to a 561.85 % or ₦ 73.64 million increase in cash.

There was 10.56% or ₦998.26 thousand decrease in other current assets due to provision of uncollectible accounts net of additional input taxes earned during the period.

There was 2.37% or ₦ 36.76 thousand increase in accrued expenses attributable to accrual of legal fees and audit fees for the year.

There was an increase in deficit of 2.83% or ₦ 3.39 million mainly due to the net loss incurred during the year.

For 2016, interest income of ₦154 thousand was 222.68% or ₦106.35 thousand higher as compared to 2015 interest income of only ₦ 47.76 thousand due to substantial increase in cash brought about by the cancellation of Heads of Agreement and allied contract with ABACORE and additional payments from the private placements.

Expenses of ₦ 3.51 million was 84.12% or ₦18.61 million lower compared to 2015 operating expenses of ₦ 22.12 million mainly attributable to losses brought about by the cancellation of agreements with ABACORE amounting to ₦20 million incurred in 2015 net of provision for all uncollectible accounts for 2016.

Full Fiscal Year **Calendar Year 2015**

On September 26, 2008, the Board of Directors authorized the Company to enter into a Heads of Agreement with Abacus Consolidated Resources and Holdings, Inc. ("ABACON") and Musx Corporation ("Musx") for the joint acquisition by the Company and Musx of all the outstanding and issued shares of Abacus Coal and Exploration and Development Corporation ("ABACOAL"). The joint acquisition was amended on May 21, 2009 whereby the Company acquires the right to purchase one hundred percent (100%) of the shares of stock of ABACOAL.

On July 21, 2015, the Company entered into Cancellation of the Head of Agreement and allied Contracts with Abacus Consolidated Resources Holdings, Inc. (ABACORE) and ABACOAL. The cancellation was necessitated by the fact that the Merger with ABACOAL was not approved by LIHC shareholders for lack of quorum during the Annual Shareholder's Meetings called for the last three (3) years. In consideration of signing the Cancellation Agreement, ABACORE shall pay the Company a portion of the deposit for future stock investment amounting to ₦17.0 million. Accordingly, the Company recognized a loss of ₦20.0 million for the unrecovered portion which is presented as Loss on Cancellation of an Agreement. Partial payment of ₦13.5 million contributed to the increase in cash while the balance was presented as collectible.

The reported interest income earned on bank accounts amounting to ₦47,760 was ₦46,998 or 6,168% higher than the interest recorded for the year 2014 of ₦ 762. The increase was due mainly to additional cash as a result of cancellation of heads of agreement by and between Lodestar, ABACOAL and ABACORE. Other income of ₦ 3,049 was derived from reversal of long outstanding liability.

The ₦2.12 million operating expenses for 2015 was 8.19% or ₦ 160.54 thousand higher when compared to 2014 expenses amounting to ₦1.96 million. The increase was attributed to the net effect of following expenses:

1. Legal Fees – 53.27% or ₦388.89 thousand higher from ₦730 thousand in 2014 to ₦1.12 million in 2015 due to legal fees incurred for cancellation of various contracts related to ABACOAL.
2. Salaries and Employee benefits – 68.51% or ₦190.99 thousand lower.
3. Director's fees – 14.29% or ₦ 16.66 thousand higher from ₦116.67 thousand in 2014 to ₦133.33 thousand in 2015 due to higher number of attendees.
4. Office supplies and other expenses – 48.73% or ₦ 37.46 thousand lower from ₦ 76.87 thousand in 2014 to ₦39.41 thousand in 2015.
5. Professional Fees –8.79% or ₦ 13.11 thousand lower from ₦149.11 thousand in 2014 to ₦136 thousand in 2015 due to cancellation of a contract with a professional.
6. Representation Expense – 48.62% or ₦14.01 thousand lower from ₦ 28.81 thousand in 2014 to ₦ 14.8 thousand in 2015.
7. Transportation and Travel expenses –66.40% or ₦3.56 thousand lower from ₦5.36 thousand in 2014 to ₦1.8 thousand in 2015.
8. Printing – 21.53% or ₦14.01 thousand increase from ₦ 65.06 thousand in 2014 to ₦ 79.07 thousand in 2015.
9. Taxes and Licenses – 0.66% or ₦0.1 thousand increase from ₦ 15.07 thousand in 2014 to ₦ 15.17 thousand in 2015.

The cancellation of the Heads of Agreement, Amended Heads of Agreement and Allied Contracts entails returned of payments made amounting to ₦ 17 million resulting to additional cash input of ₦13.5 million, receivables of ₦ 3.5 million and losses aggregating ₦20 million.

The above mentioned additional cash input net of expenses incurred during the year contributed to an increase in cash and cash equivalents of ₦ 12.72 million, from ₦ 383.75 thousand in 2014 to ₦ 13.11 million in 2015.

Likewise, this transaction plus a minimal increase in input vat of ₦ 62.6 thousand contributed to an increase in other current assets of ₦3.56 million.

Partial settlement of ₦0.6 million by a stockholder resulted to a decrease in advances from stockholder, from ₦ 2.46 million as of Dec. 2014 to ₦ 1.86 million in 2015.

Total liabilities of ₦ 1.55 million in 2015 is 96.95% or ₦ 762.26 thousand higher when compared to 2014 balances of only ₦ 786.22 thousand. The increase is due to additional legal fees incurred during the year.

Operating expenses net of interest earned from bank deposits and reversal of miscellaneous deposit plus other losses amounting to ₦20 million resulted to a net reduction in equity of ₦ 22.08 million, from ₦ 43.09 million in 2014 to ₦ 21.01 million in 2015.

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

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the Company with unconsolidated entities or other persons created during the year.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

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

There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Registrant

Calendar Year 2014

For 2014, Lodestar has yet to undertake commercial operations, hence, reported losses in 2014 amount to ₦ 1.959 million. For the next twelve (12) months, the Company may increase its authorized capital. This capital raising plan is intended to provide the Company investable funds and working capital for prospective projects.

For 2014, reported interest income earned on bank accounts amounting to ₦ 762 was ₦ 4,721 or 86.10% lower than the interest recorded for the year 2013 of ₦ 5,483.

The ₦1.96 million operating expenses for 2014 was 39.41% or ₦1.27 million lower when compared to 2013 expenses amounting to ₦3.23 million. The decrease was attributed to the net effect of following expenses:

1. Audit Fees – 4.88% or ₦11 thousand higher from ₦230 thousand in 2013 to ₦241 thousand in 2014 due to higher audit fees for 2014.
2. Salaries and Employee benefits – 55.59% or ₦349 thousand lower.
3. Director's fees – 16.00% or ₦22 thousand lower from ₦139 thousand in 2013 to ₦117 thousand in 2014 due to lesser board meetings conducted during the year.
4. Office supplies and other expenses – 38.51% or ₦69 thousand lower from ₦179 thousand in 2013 to ₦110 thousand in 2014.
5. Professional Fees – 61.92% or ₦242 thousand lower from ₦392 thousand in 2013 to ₦149 thousand in 2014 due to cancellation of contracts of a professional.
6. Repairs and Maintenance – 100% or ₦6 thousand incurred in 2014 and nil in 2013.
7. Representation Expense – 93.00% or ₦382 thousand lower from ₦411 thousand in 2013 to ₦29 thousand in 2014. This expense is relative to the Company's COC 148 which is now into development and production phase.
8. Transportation and Travel expenses – 91.02% or ₦54 thousand lower from ₦ 59 thousand in 2013 to ₦5 thousand in 2014.
9. Depreciation – 67.92% or ₦ 7 thousand lower.
10. Insurance – 141.74% or ₦17 thousand higher from ₦12 thousand 2013 to ₦29 thousand in 2014.
11. Legal fees – 20.65% or ₦190 thousand lower from ₦920 thousand in 2013 to ₦730 thousand in 2014.
12. Taxes and Licenses – 27.62% or ₦3 thousand increase from ₦12 thousand in 2013 to ₦15 thousand in 2014.

The above expenses contributed to a decrease in cash and cash equivalents from ₱490 thousand in 2013 to ₱384 thousand in 2013.

Other current assets increased by ₱51 thousand due to input vat from purchase of goods and services net of decrease in receivables.

Partial settlement of ₱1.17 million by a stockholder resulted to a decrease in advances from stockholder, from ₱3.63 million as at Dec. 2013 to ₱2.46 million in 2014.

Total liabilities of ₱786 thousand in 2014 is 1,321.60% or ₱731 thousand higher when compared to 2013 balances of only ₱55 thousand. The increase is due to unsettled legal fees.

Operating expenses net of interest earned from bank deposits resulted to a net reduction in equity from ₱45.05 million in 2013 to ₱43.09 million in 2014.

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

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the Company with unconsolidated entities or other persons created during the year.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

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

There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Registrant

B. Market Price, Shareholders and Dividend Information

(1) Market Price Information

The shares of stock of Lodestar Investment Holdings Corporation are traded in the Philippine Stock Exchange.

The table below summarizes performance of the stock of the Corporation in the market for each quarter for the past two calendar years prior to the date of the Annual Stockholders' Meeting (based on closing prices of the shares with the PSE):

Period	High	Low
1 st Quarter 2015	0.78	0.62
2 nd Quarter 2015	0.82	0.66
3 rd Quarter 2015	0.74	0.54
4 th Quarter 2015	0.91	0.67
1st Quarter 2016	0.75	0.50
2 nd Quarter 2016	0.80	0.66
3 rd Quarter 2016	0.85	0.69
4th Quarter 2016	1.74	0.77
1st Quarter 2017	1.36	0.93
2nd Quarter 2017	1.19	0.97
3rd Quarter 2017	1.07	0.86

On 27 October 2017, the stock of the Corporation opened at ₱.83 per share, had a high of ₱.83 per share and a low of ₱.80 per share. The stock closed at ₱.80 per share with a volume of 1,018,000 shares traded in the market.

(2) Shareholders Information

The top shareholders of the Corporation as of 20 October 2017 are as follows:

Shareholder	Nationality	Number of Shares	Percentage of Ownership
Socorro P. Lim	Filipino	2,000,000,000	66.67%
PCD Nominee Corporation	Filipino	620,353,429 ¹	20.678%
Nathaniel C. Go	Filipino	260,000,000	8.667%

No other shareholder as of said date owns more than five (5%) of the Corporation.

Please find below the top 20 stockholders of the Company as of 20 October 2017.

	STOCKHOLDER	NATIONALITY	TOTAL SHARES	PERCENTAGE OF OWNERSHIP (%)
1	SOCORRO P. LIM	FILIPINO	2,000,000,000	66.67
2	PCD NOMINEE CORPORATION - FILIPINO	FILIPINO	454,376,429	20.678
3	NATHANIEL C. GO	FILIPINO	260,000,000	8.667
4	JERRY C. ANGPING	FILIPINO	165,977,000 ²	5.53
5	RENATO L. REYES	FILIPINO	72,000,000	2.40
6	RAMON L. ABAD JR.	FILIPINO	28,000,000	0.93
7	PCD NOMINEE CORPORATION - NON FILIPINO	OTHERS	12,137,000	0.405
8	JONES R. CASTRO	FILIPINO	1,700,000	0.05
9	RENATO LUMAGUE	FILIPINO	600,000	0.017
10	JOAQUIN CORPUS	FILIPINO	500,000	0.017
11	JOEL S. DIAZ	FILIPINO	500,000	0.017
12	WILLIAM T. ENRILE &/OR WILLIAM R. ENRILE II &/OR NELLY R. ENRILE	FILIPINO	500,000	0.013
13	ROSS W. GARLING	OTHERS	400,000	0.10

¹ This includes the shares of Mr. Jerry C. Angping lodged with AP Securities, Inc.

14	JOSE DE PERALTA	FILIPINO	300,000	0.10
15	JOVENAL GONZALES	FILIPINO	300,000	0.10
16	JOHN T. MESINA	FILIPINO	300,000	0.10
17	CESAR HABLERO	FILIPINO	160,000	0.005
18	WILLIAM STONE	OTHERS	100,010	0.003
19	REUBEN L. ALDERSON	OTHERS	100,000	0.003
20	AROROY MUNICIPAL COUNCIL EDUCATIONAL FUND	FILIPINO	100,000	0.003

(3) Dividend Information

There are no dividends yet declared by the Corporation. Thus, for the last two (2) fiscal years, no dividends, whether cash or property, were declared by the Company. There are no provisions in the Articles of Incorporation nor is there any policy, board action or approval that restricts or provides any restriction on, or limit the payment of dividend on common shares.

(4) Recent Sales of Unregistered or Exempt Securities Including recent Issuance of Securities Constituting an Exempt Transaction

On October 25, 2016, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreements with the following investors:

1. Mr. Nathaniel Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share for a total subscription amount of Twenty Six Million Pesos (₱26,000,000.00). The Subscribed Shares shall be issued out of the Company's current authorized capital stock of One Hundred Million Pesos (₱100,000,000.00) consisting of One Billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share. Full payment of the subscription was made on November 10, 2016.
2. Ms. Socorro P. Lim, for the subscription via private placement, to two billion (2,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share for a total subscription amount of Two Hundred Million Pesos (₱200,000,000.00). The Subscribed Shares shall be issued out of the increase in the Company's authorized capital stock from One Hundred Million Pesos (₱100,000,000.00) consisting of One Billion (1,000,000,000) common shares with a par value of Ten Centavos (₱0.10) per share to Three Hundred Million Pesos (₱300,000,000.00) consisting of Three Billion (3,000,000,000) common shares. The required 25% payment downpayment of the subscription amounting to Fifty Million Pesos (₱50,000,000.00) was made on November 15, 2016 and the balance was paid on June 29, 2017.

Both the above transactions fall under Exempt Transactions under the Securities Regulation Code.

C. Compliance with Leading Practices on Corporate Governance

The Company observes and complies with the mandate of the SEC on matters involving corporate governance. In 2013, the Company implemented a comprehensive Manual on Corporate Governance allowing for the creation and mandating the functions, responsibilities and duties of the Executive Committee, Governance Committee and Risk Management Committee in addition to its standing committees namely the Nomination, Audit and Compensation Committees. Their powers, duties and responsibilities, as provided for in the By-laws as well as in the Manual on Corporate Governance, are compliant with and consistent with the policies formulated under SEC memorandum Circular No. 6 Series of

2009. On 29 May 2017, the Company approved the Amended Manual on Corporate Governance, a copy of which was filed with the SEC on 30 May 2017.

Likewise, in compliance with SEC Memorandum Circular No. 20 Series of 2013, the following Directors and Officers attended the Corporate Governance Seminar conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. on 7 December 2016 at the Peaksun Bldg., Shaw Blvd., Mandaluyong City.

Name	Position
Antonio Victoriano F. Gregorio III	Chairman
Chi Ho Co	President
Delfin S. Castro, Jr.	Treasurer
Venus L. Gregorio	Corporate Secretary and CIO
Ramoncito B. Cabalu	Director
Manuel G. Ong	Independent Director
Benjamin I. Espiritu ⁱ	Independent Director

PART III – FINANCIAL INFORMATION

Business Plan

As an investment holding company, the Company will continue to evaluate various business opportunities and ventures that are viable, growing, and profitable.

The Company's strategy will be to invest, buy-in or acquire businesses where the Company will at least own a significant stake or interest of the investee Company's outstanding capital. The said investment amount will allow the Company to recognize its proportionate share of the equitized earnings from its investee companies.

The Company's capital raising plans are intended to provide the Company investable funds and working capital for the above-mentioned current and prospective projects.

Financial Statements

The Company's Annual Financial Statements for 2016 together with the notes thereto are attached together with the First and Second quarters of financial statements for 2016.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company retained Punongbayan & Araullo (P&A) as External Auditors who prepared the financial statements for the calendar year ended 31 December 2016. There were no disagreements with Accountants on accounting and financial disclosure.

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

A. (1) Directors and Executive Officers

As of 30 October 2017, the Board of Directors and Executive Officers of the company consist of the following individuals:

Name	Position	Nationality	Period Served (as Director)
▪ Antonio V.F. Gregorio III	Director / Chairman	Filipino	2009 to present
▪ Chi Ho Co	Director / President	Filipino	2008 to present
▪ Delfin S. Castro, Jr.	Director / CFO / Treasurer	Filipino	2015 to present
▪ Ramoncito B. Cabalu	Director	Filipino	2015-present
▪ Felixes G. Latonero	Independent Director	Filipino	2011 to present
▪ Manuel G. Ong	Independent Director	Filipino	2015 to present
▪ Venus L. Gregorio	Corporate Information Officer / Corporate Secretary	Filipino	2012 to present

(2) Significant Employees

The Company maintains a skeletal force of technical and administrative personnel. For 2017, owing to the relatively small number of personnel, the Company does not know yet of any such personnel is expected to make significant contribution to the business, and thus has no significant employees to name and report.

(3) Family Relationships

Atty. Antonio Victoriano F. Gregorio and Atty. Venus L. Gregorio are spouses.

Other than the relationship disclosed above, the company is not aware of any other family relationships up to fourth civil degree, either by consanguinity or affinity, among the directors and officers of the Company.

(4) Involvement in Certain Legal Proceedings

Each of the director has certified that, during the past five years, they have not been involved in any insolvency or bankruptcy proceeding nor has any of them been convicted by final judgment in a criminal proceeding. Furthermore, none of the directors has been subject to any order permanently enjoining, barring, suspending or limiting their involvement in any type of business, securities, and commodities or banking activities, nor have they been found by any court in a civil action to have violated any securities or commodities law or regulation.

To the best of the Company's knowledge, there is no event listed below that occurred during the last five years up to the latest date that are material to an evaluation of the ability or integrity of any director or nominee for election as director, executive officer or control person of the Company:

- (a) Bankruptcy petition filed by or against any business of which a director or executive officer of the Company was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;
- (b) Conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or bargaining activities; and ;

- (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

ⁱ Benjamin I. Espiritu, Ph.D. is the President of Risks, Opportunities, Assessment and Management (ROAM), Inc. and one of the speakers in the seminar.

LODESTAR INVESTMENT HOLDINGS CORPORATION

7th Floor, Princeton Street corner Shaw Blvd., Mandaluyong CitySTATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Lodestar Investment Holdings Corporation is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

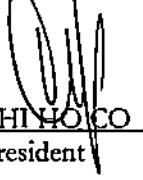
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

The Board of Director's reviews and approved the financial statements including the schedules attached therein, and submits the same to the stockholders.

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


ANTONIO VICTORIANO GREGORIO III
 Chairman of the Board


CHI HO CO
 President

03 APR 2017


DELFIN S. CASTRO, JR.
 Chief Financial Officer/Treasurer

Signed this _____ day of _____

03 APR 2017

SUBSCRIBED AND SWORN to be before me this _____ day of _____ : affiants exhibiting to me

<u>NAME</u>	<u>ID NO.</u>
Antonio V.F. Gregorio III	TIN 201-897-602-000
Chi Ho Co	TIN 167-858-435-000
Delfin S. Castro, Jr.	TIN 164-381-790-000

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 Page No.: 45
 Book Nos.: X
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ATTY. JUAN JAIME D. MOLASCO
 NOTARY PUBLIC UNTIL DEC. 31, 2017
 ICP NO. 1061807 - 1/3/17
 PTR NO. 0024015 / 1/3/17 - MAND. CITY
 ROLL NO. 00888 / MCLE NO. V-0017163 / 3/21/16
 UNIT 3F CSV BLDG. MAYSILo CIRCLE
 BRGY. PLAINVIEW MAND. CITY



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Report of Independent Auditors

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The Board of Directors
Lodestar Investment Holdings Corporation
7th Floor, Peaksun Bldg., 1505 Princeton St.
corner Shaw Blvd., Wack Wack Greenhills East
Mandaluyong City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lodestar Investment Holdings Corporation (the Company), which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of profit or loss, statements of comprehensive loss, statements of changes in equity and statements of cash flows for the three years in the period ended December 31, 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-4

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which indicates that the Company has no commercial operations and it has a deficit as at December 31, 2016. As stated in Note 1, this condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In response to this matter, the Company has started implementing its capital raising plans in October 2016 by issuance of its remaining unissued shares amounting to P26.0 million, and application with the SEC for an increase in its authorized capital stock which has been fully subscribed as at December 31, 2016, as stated in Note 12. This is intended to provide the Company investable funds and working capital for prospective projects. In line with the Company's primary purpose as a holding company, its business outlook is geared towards looking for opportunities in various business sectors that are viable, growing and profitable. The Company's strategy is to acquire equity interest in businesses in which the Company will at least own a significant ownership interest. Accordingly, the accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and the settlement of liabilities in the normal course of business. In connection with our audit, we have performed adequate audit procedures to verify management's assumptions with respect to the Company's ability to continue as a going concern. Our opinion is not modified with respect to the foregoing matter.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report other than the matter described in the *Material Uncertainty Related to Going Concern* section.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's definitive information statement, SEC Form 17-A, but of which do not include the financial statements and our auditors' report thereon and the annual report. The definitive information statement, SEC Form 17-A and annual report are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

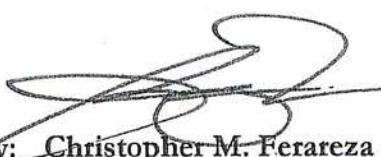
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2016 required by the Bureau of Internal Revenue as disclosed in Note 17 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the 2016 audit resulting in this independent auditors' report is Christopher M. Ferarezza.

PUNONGBAYAN & ARAULLO



By: Christopher M. Ferarezza

Partner

CPA Reg. No. 0097462

TIN 184-595-975

PTR No. 5908616, January 3, 2017, Makati City

SEC Group A Accreditation

Partner - No. 1185-AR-1 (until May 11, 2018)

Firm - No. 0002-FR-4 (until Apr. 30, 2018)

BIR AN 08-002511-34-2014 (until Aug. 5, 2017)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

March 24, 2017



LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015
(Amounts in Philippine Pesos)

Notes

2016

2015

APR 07 2017

RECEIVED SUBJECT TO REVIEW
FORM AND CONTENTS

A S S E T S

CURRENT ASSETS

Cash	7	P	86,752,612	P	13,107,516
Advances to a stockholder	11		1,857,076		1,857,076
Other current assets	8		6,595,036		7,593,292
Total Current Assets			95,204,724		22,557,884

NON-CURRENT ASSET

Office furniture - net				218
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TOTAL ASSETS

P 95,204,724 P 22,558,102

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses	10	P	1,585,233	P	1,548,480
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EQUITY

Capital stock	12		100,000,000		74,000,000
Additional paid-in capital			66,714,858		66,714,858
Deposit for future stock subscription	12		50,000,000		-
Deficit		(123,095,367)	(119,705,236)

Net Equity

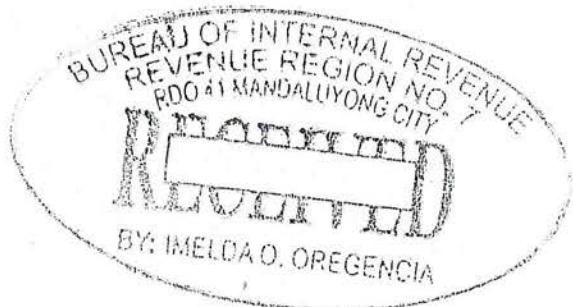
93,619,491 21,009,622

TOTAL LIABILITIES AND EQUITY

P 95,204,724 P 22,558,102

See Notes to Financial Statements.

APR 05 2017



LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
		P - *	P -	P -
REVENUE				
Impairment loss	8	1,108,560	-	-
Legal fees	11	820,000	1,118,889	730,000
Professional fees		785,100	376,800	389,911
Membership dues		253,000	250,000	250,000
Directors' fees		205,556	133,333	116,667
Taxes and licenses	17	144,724	15,174	15,075
Fines and penalties		52,861	-	-
Printing and office supplies		46,023	78,590	65,060
Representation		26,280	14,800	28,808
Transportation and travel		2,090	1,800	5,357
Depreciation		218	3,452	3,452
Loss on cancelled agreement	9	-	20,000,000	-
Salaries and wages	11	-	87,829	278,785
Others		69,010	39,854	76,869
		<u>3,513,422</u>	<u>22,120,521</u>	<u>1,959,984</u>
OPERATING LOSS		3,513,422	22,120,521	1,959,984
FINANCE INCOME	7	(154,114)	(47,760)	(762)
OTHER CHARGES		-	3,049	-
LOSS BEFORE TAX		3,359,308	22,069,712	1,959,222
TAX EXPENSE	14	30,823	9,613	152
NET LOSS		P 3,390,131	P 22,079,325	P 1,959,374
LOSS PER SHARE	13	P 0.003	P 0.030	P 0.003

See Notes to Financial Statements.

APR 05 2011



LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
NET LOSS	P <u>3,390,131</u>	P 22,079,325	P 1,959,374
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS	<u>P 3,390,131</u>	<u>P 22,079,325</u>	<u>P 1,959,374</u>

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Capital Stock (Note 12)	Additional Paid-in Capital	Deposit for Future Stock Subscription	Deficit	Total
Balance at January 1, 2016	P 74,000,000	P 66,714,858	P -	(P 119,705,236)	P 21,009,622
Transactions with owners					
Subscription and issuance of shares	26,000,000	-	-	-	26,000,000
Deposit for future subscription	-	-	50,000,000	-	50,000,000
	<u>26,000,000</u>	<u>-</u>	<u>50,000,000</u>	<u>-</u>	<u>76,000,000</u>
Total comprehensive loss for the year	-	-	-	(3,390,131)	(3,390,131)
Balance at December 31, 2016	<u>P 100,000,000</u>	<u>P 66,714,858</u>	<u>P 50,000,000</u>	<u>(P 123,095,367)</u>	<u>P 93,619,491</u>
Balance at January 1, 2015	P 74,000,000	P 66,714,858	P -	(P 97,625,911)	P 43,088,947
Total comprehensive loss for the year	-	-	-	(22,079,325)	(22,079,325)
Balance at December 31, 2015	<u>P 74,000,000</u>	<u>P 66,714,858</u>	<u>P -</u>	<u>(P 119,705,236)</u>	<u>P 21,009,622</u>
Balance at January 1, 2014	P 74,000,000	P 66,714,858	P -	(P 95,666,537)	P 45,048,321
Total comprehensive loss for the year	-	-	-	(1,959,374)	(1,959,374)
Balance at December 31, 2014	<u>P 74,000,000</u>	<u>P 66,714,858</u>	<u>P -</u>	<u>(P 97,625,911)</u>	<u>P 43,088,947</u>

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	<u>2016</u>	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(P 3,359,308)	(P 22,079,712)	(P 1,959,222)
Adjustments for:				
Interest income	7	(154,114)	(47,760)	(762)
Depreciation		218	3,452	3,452
Loss on cancelled agreement	9	-	20,000,000	-
Derecognition of a liability		-	(3,049)	-
Operating loss before working capital changes		(3,513,204)	(2,117,069)	(1,956,532)
Decrease (increase) in other current assets		998,256	(62,627)	(50,978)
Increase in accounts payable and accrued expenses		36,753	765,250	730,913
Cash used in operations		(2,478,195)	(1,414,446)	(1,276,597)
Cash paid for final taxes	14	(30,823)	(9,552)	(152)
Net Cash Used in Operating Activities		(2,509,018)	(1,423,998)	(1,276,749)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	7	154,114	47,760	762
Return of deposit for future stock investment	9	-	13,500,000	-
Net Cash From Investing Activities		154,114	13,547,760	762
CASH FLOWS FROM FINANCING ACTIVITIES				
Deposit for future stock subscription	12	50,000,000	-	-
Proceeds from issuance of shares	12	26,000,000	-	-
Collection from a stockholder	11	-	600,000	1,169,696
Net Cash From Financing Activities		76,000,000	600,000	1,169,696
NET INCREASE (DECREASE) IN CASH		73,645,096	12,723,762	(106,291)
CASH AT BEGINNING OF YEAR		13,107,516	383,754	490,045
CASH AT END OF YEAR		P 86,752,612	P 13,107,516	P 383,754

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Corporate Information

Lodestar Investment Holdings Corporation (the Company) was incorporated and registered with the Securities and Exchange Commission (SEC) on January 3, 1974. Its shares are listed for trading at the Philippine Stock Exchange (PSE). The Company's primary purpose is to engage as an investment holding company. However, it has no commercial operations at present (see Note 1.2).

The Company's principal place of business is located at 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, Mandaluyong City.

1.2 Status of Operations

As indicated in Note 1.1, the Company has no commercial operations; hence, it continues to incur losses. It incurred net losses of P3,390,131 in 2016, P22,079,325 in 2015 and P1,959,374 in 2014, which further increased its deficit of P119,705,236 as at December 31, 2015 to P123,095,367 as at December 31, 2016. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In response to this matter, the Company has started implementing its capital raising plans in October 2016 by (1) issuance of its remaining unissued shares amounting to P26.0 million, and (2) application with the SEC for an increase in its authorized capital stock which has been fully subscribed by an incoming investor as at December 31, 2016 (see Note 12.1). This is intended to provide the Company investable funds and working capital for prospective projects. In line with the Company's primary purpose as a holding company, its business outlook is geared towards looking for opportunities in various business sectors that are viable, growing and profitable. The Company's strategy is to acquire equity interest in businesses in which the Company will at least own a significant ownership interest. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of assets and settlement of liabilities that might result from the outcome of this uncertainty.

1.3 Approval of Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2016 (including the comparative financial statements as at December 31, 2015 and for the years ended December 31, 2015 and 2014) were authorized for issue by the Company's Audit Committee on March 24, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents statement of comprehensive loss separate from the statement of profit or loss.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

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

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

2.2 Basis of Preparation of Financial Statements

(a) Effective in 2016 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2016 but had no significant impact on the Company's financial statements:

PAS 1 (Amendments) : Presentation of Financial Statements – Disclosure Initiative

PAS 16 and 38 (Amendments)	:	Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
Annual Improvements	:	Annual Improvements to PFRS (2012-2014 Cycle)

Discussed below are the relevant information about these amendments and improvements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure Initiative*. The amendments encourage entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, they clarify that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendments clarify that an entity's share in other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. They further clarify that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (ii) PAS 16 (Amendments), *Property, Plant and Equipment*, and PAS 38 (Amendments), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization*. The amendments in PAS 16 clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendments to PAS 38 introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendments also provide guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iii) Annual Improvements to PFRS (2012-2014 Cycle). Among the improvements, the following amendments are relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify the existing requirements:

- PAS 19 (Amendments), *Employee Benefits – Discount Rate: Regional Market Issue*. The amendments clarify that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.
- PFRS 7 (Amendments), *Financial Instruments: Disclosures – Servicing Contracts*. The amendments provide additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.
- PFRS 7 (Amendments), *Financial Instruments: Disclosures – Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*. These amendments clarify that the additional disclosure required by the recent amendments to PFRS 7 related to offsetting financial assets and financial liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with PAS 34, *Interim Financial Reporting*, when its inclusion would be necessary in order to meet the general principles of PAS 34.

(b) *Effective in 2016 that are not Relevant to the Company*

The following new PFRS, amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2016 but are not relevant to the Company's financial statements:

PAS 27 (Amendments)	:	Separate Financial Statements – Equity Method in Separate Financial Statements
PAS 16 and 41 (Amendments)	:	Property, Plant and Equipment, and Agriculture – Bearer Plants
PFRS 10, PFRS 12 and PAS 28 (Amendments)	:	Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception
PFRS 11 (Amendments)	:	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
PFRS 14	:	Regulatory Deferral Accounts

Annual Improvements to PFRS (2012-2014 Cycle)	
PAS 34 (Amendments)	: Interim Financial Reporting – Disclosure of Information “Elsewhere in the Interim Financial Report”
PFRS 5 (Amendments)	: Non-current Assets Held for Sale and Discontinued Operations

(c) *Effective Subsequent to 2016 but not Adopted Early*

There are new PFRS, amendments to existing standards effective for annual periods subsequent to 2016, which are adopted by the FRSC. Management will adopt the relevant pronouncements discussed below and in the succeeding pages in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). They require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, they suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.
- (ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses* (effective from January 1, 2017). The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference.
- (iii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
 - three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(iv) PFRS 15, *Revenue from Contracts with Customers* (effective from January 1, 2018).

This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management is currently assessing the impact of this standard on the Company's financial statements.

(v) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right of use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting remains the same as PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

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

(vi) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

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

The Company's financial assets categorized as loans and receivables are presented as Cash, Advances to a Stockholder and as part of Other Current Assets (with respect to receivable from a third party and advances to contractor included therein) in the statement of financial position. Cash pertains to demand deposits held to meet short-term cash commitments rather than for investment or other purposes.

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

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables.

The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

All income and expenses, except those arising from operating activities, relating to financial assets that are recognized in profit or loss are presented as Finance Income or Finance Cost in the statement of profit or loss.

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

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.4 Other Current Assets

Other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as noncurrent assets.

2.5 Office Furniture

Office furniture is stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation of office furniture is computed on the straight-line basis over the estimated useful life of two years.

The residual value, estimated useful life and method of depreciation of office furniture are reviewed and adjusted if appropriate, at the end of each reporting period.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than the estimated recoverable amount (see Note 2.10).

Office furniture 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.6 Financial Liabilities

Financial liabilities, which include accounts payable and accrued expenses (except for tax-related liabilities), are recognized when the Company becomes a party to the contractual terms of the instrument.

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

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.7 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.8 Provisions and Contingencies

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

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

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

2.9 Revenue and Expenses Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company, and the costs incurred or to be incurred can be measured reliably. Currently, the company earns only interest income from its cash deposits.

Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

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

2.10 Impairment of Non-financial Assets

The Company's office furniture and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.11 Employee Benefits

The Company's employee benefits are recognized and measured as follows:

(a) Short-term Benefits

The Company recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(b) Post-employment Defined Benefit Plan

The Company is subject to the provisions of Republic Act No. 7641, *The Retirement Pay Law*, since an employee have reached the minimum service of five years as of the end of the reporting period.

There was no accrual of post-employment defined benefit obligation since the Company has no employees in 2016 and has only one employee in 2015. As such, management assessed that the non-accrual of the obligation is not material to the financial statements.

2.12 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.13 Related Party Relationships and Transactions

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

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

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

2.14 Equity

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

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

Deposit for future stock subscription represents the amount of money received from a stockholder as deposit for its subscription to the Company's proposed increase in authorized capital stock which is currently pending approval by SEC. Based on the requirements of the SEC, the Company recognizes a deposit for future stock subscription as part of equity if all of the criteria discussed in below are met as at the end of the reporting period.

- (a) Lack or insufficiency of authorized unissued shares of stock to cover for the deposit;
- (b) Approval by the Board of Directors (BOD) and stockholders for the increase in authorized capital stock to cover the shares corresponding to the amount of the deposit; and,
- (c) Application for the approval of the increase in authorized capital stock has been filed with the SEC.

If any of the foregoing criteria is not met at the end of the reporting period, the deposit for future stock subscription is recognized as a liability.

Deficit represents all current and prior period results of operations as disclosed in the statement of profit or loss.

2.15 Loss Per Share

Loss per share is determined by dividing net loss by the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is not computed since the Company has no potential dilutive common shares.

2.16 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made judgment, apart from those involving estimation. Among those judgments, recognition of provisions and contingencies has the most significant effect on the amount recognized in the financial statements. This judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition of provisions and contingencies are discussed in Note 2.8 and disclosures on relevant provisions and contingencies are presented in Note 16.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Impairment of Advances to a Stockholder, Receivable from a Third Party and Advances to Contractor

Adequate amount of allowance for impairment is provided where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the counterparties, the counterparties' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

Based on management's assessment, there is no allowance for impairment loss required to be recognized on the Company's advances to a stockholder and receivable from a third party as at December 31, 2016 and 2015 (see Notes 8, 9 11). Advances to contractor were identified to be impaired as of December 31, 2016 (see Note 8).

(b) Determining Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

As at December 31, 2016 and 2015, the Company did not recognize any deferred tax asset as the Company is not expected to have sufficient taxable profits against which it can be applied before the validity periods of the related temporary differences expire (see Note 14).

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks which result from its use of financial instruments. The Company's risk management is coordinated in close cooperation with the BOD, and focuses on actively securing the Company's short- to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The Company has no significant exposure to foreign currency risk since it has no financial assets and financial liabilities that are denominated in foreign currency. The most significant financial risks to which the Company is exposed to are described below and in the succeeding page.

4.1 Interest Rate Sensitivity

As at December 31, 2016 and 2015, the Company is exposed to changes in market interest rates through its cash in bank, which are subject to variable interest rates (see Note 7). All other financial assets and liabilities have fixed rates or are noninterest-bearing.

The table below illustrates the sensitivity of the Company's loss before tax and equity to reasonably possible changes in interest rates in 2016 and 2015. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

	2016		2015	
Basis points	+45	-45	+59	-59
Loss before tax	(P 394,690)	P 394,690	(P 77,311)	P 77,311
Equity	(315,752)	315,752 (61,849)	61,849

4.2 Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for its financial assets.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	Notes	2016	2015
Cash	7	P 86,752,612	P 13,107,516
Advances to a stockholder	11.1	1,857,076	1,857,076
Receivable from a third party	8	3,500,000	3,500,000
Advances to contractor – net	8	-	1,108,560
		P 92,109,688	P 19,573,152

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

(a) *Cash*

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P0.5 million for every depositor per banking institution. The amount of cash on hand excluded from this insurance by PDIC amounted to P4,000 as of December 31, 2016 and 2015.

(b) *Advances to a Stockholder*

The credit risk for advances to a stockholder is considered negligible, since the counterparty is a related party. No impairment loss has been recorded in relation to advances to a stockholder as management had assessed that this is fully collectible.

(c) *Receivable from a Third Party and Advances to Contractor*

The credit risk for receivable from a third party and advances to contractor is considered negligible, since the parties are bound to one another. No impairment loss on receivable from a third party as management had assessed that these are fully collectible. The advances to contractor was identified to be a financial asset only in 2015 and were identified to be impaired as of December 31, 2016 (see Note 8).

As at December 31, 2016 and 2015, the Company has no financial assets that are past due but unimpaired.

4.3 Liquidity Risk

The Company manages its liquidity needs by obtaining additional advances from stockholders.

As at December 31, 2016 and 2015, the Company's financial liabilities amounting to P1,528,120 and P1,466,704, respectively, have contractual maturities of less than 12 months.

5. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of the Company's financial assets and financial liabilities presented in the statements of financial position are shown below.

	Notes	2016		2015	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Loans and receivables:					
Cash	7	P 86,752,612	P 86,752,612	P 13,107,516	P 13,107,516
Advances to a stockholder	11.1	1,857,076	1,857,076	1,857,076	1,857,076
Receivable from a third party	8	3,500,000	3,500,000	3,500,000	3,500,000
Advances to contractor	8	-	-	1,108,560	1,108,560
		P 92,109,688	P 92,109,688	P 19,573,152	P 19,573,152
Financial liabilities					
At amortized cost -					
Accounts payable and accrued expenses (excluding tax-related liabilities)	10	P 1,528,120	P 1,528,120	P 1,466,704	P 1,466,704

See Notes 2.3 and 2.6 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

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

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

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

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

There were no outstanding financial assets or financial liabilities measured at fair value as at December 31, 2016 and 2015.

5.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

Notes	2016			
	Level 1	Level 2	Level 3	Total
<i>Financial Assets</i>				
Loans and receivables:				
Cash	7	P 86,752,612	P -	P - P 86,752,612
Advances to a stockholder	11.1	-	-	1,857,076 1,857,076
Receivable from a third party	8	-	-	3,500,000 3,500,000
		P 86,752,612	P -	P 5,357,076 P 92,109,688
<i>Financial Liabilities</i>				
At amortized cost -				
Accounts payable and accrued expenses	10	P -	P -	P 1,528,120 P 1,528,120
Notes	2015			
	Level 1	Level 2	Level 3	Total
<i>Financial Assets</i>				
Loans and receivables:				
Cash	7	P 13,107,516	P -	P - P 13,107,516
Advances to a stockholder	11.1	-	-	1,857,076 1,857,076
Receivable from a third party	8	-	-	3,500,000 3,500,000
Advances to contractor	8	-	-	1,108,560 1,108,560
		P 13,107,516	P -	P 6,465,636 P 19,573,152
<i>Financial Liabilities</i>				
At amortized cost -				
Accounts payable and accrued expenses	10	P -	P -	P 1,466,704 P 1,466,704

The fair values of the financial assets and financial liabilities included in Level 3 above, which are not traded in an active market, is calculated based on the expected cash flows of the underlying net asset base of the instrument.

6. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern. Currently, because of the status of the Company's operations (see Note 1.2), management is doing everything it can to ensure that its deficit does not exceed capital stock and other components of equity. It is currently building up its capital to prepare the Company for its investment and operational plans.

The Company monitors capital on the basis of the carrying amount of equity as presented on the statements of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares.

The Company's debt-to-equity ratio at December 31, 2016 and 2015 is presented below.

	<u>2016</u>	<u>2015</u>
Total liabilities	P 1,585,233	P 1,548,480
Total equity	<u>93,619,491</u>	<u>21,009,622</u>
Debt-to-equity ratio	<u>0.02 : 1.00</u>	<u>0.07 : 1.00</u>

As discussed in Note 1.2, the Company, being a holding company, is in the process of looking for other opportunities in the various business sectors.

7. CASH

The Company's cash mainly comprises of cash in banks which generally earn interest based on daily bank deposit rates. Total interest income earned from these deposits amounted to P154,114 in 2016, P47,760 in 2015 and P762 in 2014 are presented as Finance Income in the statements of profit or loss.

8. OTHER CURRENT ASSETS

This account is composed of the following:

	Notes	<u>2016</u>	<u>2015</u>
Receivable from a third party	9	P 3,500,000	P 3,500,000
Input value-added tax (VAT)	17.1(b)	3,046,950	2,936,647
Advances to contractor		1,108,560	1,108,560
Others		<u>48,086</u>	<u>48,085</u>
		<u>7,703,596</u>	7,593,292
Allowance for impairment loss		(1,108,560)	-
		<u>P 6,595,036</u>	<u>P 7,593,292</u>

The Company's other current assets, especially receivables included in this account, have been reviewed for indicators of impairment. Advances to contractor was determined to be impaired; hence, full amount of allowance for impairment has been recognized. Impairment loss recognized on advances to contractor amounted to P1,108,560 in 2016 and nil in 2015 and 2014. The significant portion of the advances is in relation to a survey of a prospect coal project in 2012.

9. DEPOSIT FOR FUTURE STOCK INVESTMENT

This account pertains to the amount of deposits made in 2009 to Abacus Consolidated Resources Holdings, Inc. (ACRHI) for the Company's 100% acquisition of Abacus Coal Exploration and Development Corporation (ABACOAL), pursuant to the Agreement for Joint Investment (the Agreement) executed by the Company and MUSX Corporation [MUSX and formerly Music Semiconductors Corporation (MSC)] on September 24, 2008, with certain amendments made on May 21, 2009 for the joint purchase by the Company and MUSX of the 100% of the issued and outstanding shares of ABACOAL held by ACRHI.

As at the beginning of 2015, deposit for future stock investment amounts to P37.0 million (see Note 15.1). The Company tried to have the merger with ACRHI approved by its stockholders but the same was not achieved for lack of quorum during the annual stockholders' meetings called for the last three years. On July 21, 2015, the Company agreed with ACRHI and ABACOAL to cancel the Agreement rendering the deposit partially impaired. As agreed between the parties, ACRHI shall pay the Company only P17.0 million out of the P37.0 million deposit for future stock investment. As such, the Company recognized a loss of P20.0 million for the unrecoverable portion which is presented as Loss on Cancelled Agreement in the 2015 statement of profit or loss. As at December 31, 2015, P13.5 million is already paid to the Company while the outstanding balance as of December 31, 2016 and 2015 amounting to P3.5 million remains unpaid and is presented as Receivable from a third party under the Other Current Assets account in the statements of financial position (see Note 8).

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account is composed of the following:

	Notes	2016	2015
Accrued expenses	11.2	P 1,528,120	P 1,466,704
Income tax payable	14	-	61
Others		<u>57,113</u>	<u>81,715</u>
		<u>P 1,585,233</u>	<u>P 1,548,480</u>

Accrued expenses mainly comprise of legal and professional fees.

11. RELATED PARTY TRANSACTIONS

The Company's related party includes its stockholders, key management personnel and others as described in Note 2.13. Its transactions with its related parties follow.

11.1 Advances to a Stockholder

In 2015, the Company granted noninterest-bearing advances to a stockholder. The advances to a stockholder are unsecured and are due and collectible upon demand. These advances are generally settled in cash.

The movements in the balance of advances to a stockholder, shown as Advances to a Stockholder in the statements of financial position as at December 31, are as follows:

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	P 1,857,076	P 2,457,076
Collections	<u>-</u>	<u>(600,000)</u>
Balance at end of year	<u>P 1,857,076</u>	<u>P 1,857,076</u>

Based on management's assessment, the outstanding balance of the Company's advances to a stockholder is not impaired as at December 31, 2016 and 2015; hence, no impairment loss is recognized during those years.

11.2 Legal Services

Legal services rendered to the Company by certain officers of the Company amounted to P820,000 in 2016, P1,118,889 in 2015 and P730,000 in 2014 and is presented as Legal Fees in the statements of profit or loss. Total outstanding balances related to these transactions amount to P1,052,000 and P1,017,000 as at December 31, 2016 and 2015 and are presented as part of Accrued expenses under the Accounts Payable and Accrued Expenses account in the statements of financial position (see Note 10).

11.3 Key Management Personnel Compensation

Key management personnel compensation amounted to nil in 2016, P80,000 in 2015 and P260,000 in 2014 and is presented as part of Salaries and Wages in the statements of profit or loss. There are no other compensation given to key management personnel other than these short-term benefits.

12. EQUITY

12.1 Capital Stock

The Company has authorized capital stock of P100.0 million divided into 1.0 billion shares at P0.10 par value per share. Issued and outstanding shares as at December 31, 2016 and 2015 consisted of 1.0 billion shares equivalent to P100.0 million and 740.0 million shares equivalent to P74.0 million, respectively.

On May 26, 1989, the SEC approved the listing of the Company's shares (see Note 1). Other than this, the Company has no other securities listed in the exchanges. As at December 31, 2016, 58.85% of the issued and outstanding shares are held by the public. The Company's shares closed at P1.12 per share as at December 29, 2016.

In a special meeting of the BOD held on November 6, 2009, the BOD approved the following:

- (i) Proposed reduction in the par value of the shares of stock of the Company from P1.00 to P0.10 per share, resulting in a stock split of 10 shares for every one share issued and an increase in the number of authorized capital stock from 100.0 million shares to 1.0 billion shares. A share buy-back program was also adopted, which will depend on the Company's retained earnings and the market price of the Company's shares under such terms and conditions to be determined and set by the BOD.
- (ii) Proposed increase in the authorized capital stock of the Company from P100.0 million divided into 100.0 million shares at P1.00 par value per share to P300.0 million divided into 3.0 billion shares at P0.10 par value per share.
- (iii) Issuance of shares of stock from the proposed capital increase through pre-emptive stock rights offering. The pre-emptive stock rights offering shall be implemented on a 1:1 proportion, i.e., one share held by qualified stockholders entitled the said stockholders to subscribe to one share under the offering. The stock rights offer price shall be at par of P0.10, representing the reduced par value of the shares at the expected time of the stock rights offering, or at P1.00 if the stock rights offering happens at the time prior to the reduction in the par value of the shares.

The foregoing proposed transactions were approved by the Company's stockholders in their annual meeting on December 17, 2009.

On September 14, 2010, the SEC approved the reduction in the par value of the shares of stock of the Company from P1.00 to P0.10 making the authorized capital stock P100.0 million divided into 1.0 billion shares.

On October 25, 2016, the BOD authorized the execution, delivery and implementation of the following Subscription Agreements:

- (i) Subscription to 260.0 million unissued shares by an existing stockholder at the subscription price of P0.10 per share or P26.0 million. The subscribed shares were issued out of the Company's remaining authorized capital stock on November 10, 2016, the date of subscription.
- (ii) Subscription to the 2.0 billion proposed increase in authorized capital stock at the subscription price of P0.10 per share or P200.0 million by a new investor.

On December 8, 2016, during the annual stockholders' meeting of the Company, the stockholders confirmed, ratified and re-adopted the 2009 stockholders' approval of the increase in the authorized capital stock of the Company. On the resolution passed on December 17, 2009 during the annual meeting of stockholders, the stockholders approved the proposed increase in authorized capital stock from P100.0 million divided into 100.0 million shares at a par value of P1 per share to P300.0 million divided into 3.0 billion shares at the reduced par value of P0.10 per share without stockholders' pre-emptive right.

12.2 Application for Increase in Authorized Capital Stock

In November 2016, the Company received a deposit for future stock subscription amounting to P50.0 million from a new investor in connection with its subscription to the proposed increase in authorized capital stock of the Company (see Note 12.1). Pending the approval by the SEC of the Company's application for increase in authorized capital stock, the deposit received is presented as Deposit for Future Stock Subscription in the 2016 statement of financial position.

On December 15, 2016, the Company submitted to the SEC its application for the proposed increase in its authorized capital stock from P100.0 million divided into 1.0 billion common shares with a par value of P0.10 per share to P300.0 million consisting of 3.0 billion common shares with the same par value per share.

As at December 31, 2016, the application for increase in authorized capital stock is still pending approval by the SEC.

13. LOSS PER SHARE

Loss per share is computed as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net loss	P 3,390,131	P 22,079,325	P 1,959,374
Weighted average number of outstanding common shares	<u>1,000,000,000</u>	<u>740,000,000</u>	<u>740,000,000</u>
Loss per share	P 0.003	P 0.030	P 0.003

The Company has no potentially dilutive instruments; thus, basic and dilutive loss per share are the same.

14. INCOME TAXES

The components of tax expense reported in profit or loss are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Final tax at 20%	P 30,823	P 9,552	P 152
Minimum corporate income tax (MCIT) at 2%	-	61	-
	P 30,823	P 9,613	P 152

A reconciliation of tax on pretax loss computed at the applicable statutory rates to tax expense reported in the statements of profit or loss follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax on pretax loss at 30%	(P 1,007,792)	(P 6,620,914)	(P 587,767)
Adjustment for income subjected to lower tax rate	(15,412)	(4,776)	(76)
Tax effects of:			
Unrecognized deferred taxes	<u>968,618</u>	6,590,863	544,353
Non-deductible expenses	<u>85,409</u>	<u>44,440</u>	<u>43,642</u>
Tax expense	<u>P 30,823</u>	<u>P 9,613</u>	<u>P 152</u>

The Company is subject to MCIT which is computed at 2% of gross income, as defined under tax regulations, or regular corporate income tax (RCIT), whichever is higher. In 2015, the Company recognized MCIT as MCIT was higher than RCIT. No MCIT was reported in 2016 and 2014 since the Company is in a gross loss position in those years. The MCIT recognized in 2015 is valid until 2018 as a deduction from its tax due, if any.

The Company has incurred net operating loss carryover (NOLCO) in 2016 and the previous consecutive years. The breakdown of NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred, is shown below.

<u>Year Incurred</u>	<u>Original Amount</u>	<u>Expired Balance</u>	<u>Remaining Balance</u>	<u>Valid Until</u>
2016	P 2,120,165	P -	P 2,120,165	2019
2015	21,969,339	-	21,969,339	2018
2014	1,814,509	-	1,814,509	2017
2013	<u>2,684,832</u>	<u>2,684,832</u>	<u>-</u>	
	<u>P 28,588,845</u>	<u>P 2,684,832</u>	<u>P 25,904,013</u>	

The Company did not recognize any deferred tax asset on its MCIT, NOLCO and allowance for impairment of receivables as at December 31, 2016 and 2015 because management does not expect the Company to have sufficient taxable profit against which the deferred tax assets can be utilized prior to lapse of their validity period. The amounts of unrecognized deferred tax assets related to NOLCO as at December 31, 2016 and 2015 amount to P7,771,265 and P7,940,665, respectively.

In 2016, 2015 and 2014, the Company opted to continue claiming itemized deductions for income tax purposes.

15. AGREEMENT FOR JOINT INVESTMENT

15.1 Purchase of ABACOAL Shares

As discussed in Note 9, on September 24, 2008, the Company and MUSX agreed to purchase 100% of the outstanding and issued shares of ABACOAL held by ACRHI, including the Coal Operating Contract covering 7,000 hectare property at Mimi Tandag, Surigao del Sur (the Coal Property) assigned by ACRHI to ABACOAL. MUSX and the Company shall acquire 55% and 45% participation and equity interest, respectively, in ABACOAL and the Coal Property. Unit price per stock of MUSX and the Company shall be equivalent to the 90-day moving average of the shares prior to Date of Subscription or Share Purchase Agreements.

On May 21, 2009, the Company, MUSX and ACRHI amended the agreement with the following revised terms and conditions:

(a) *Assignment of Investment Interests and Participation*

MUSX hereby assigns its right to acquire 55% participation and equity interest in ABACOAL and the coal property to the Company. As a result of the assignment, the Company shall have the right to acquire 100% participation and equity interest in ABACOAL and the coal property.

(b) *Consideration for the Assignment*

The Company shall pay MUSX the following consideration for the assignment of the right to acquire 55% participation and equity interest in ABACOAL:

- (1) P12.0 million upon signing of the Agreement as and by way of reimbursement of certain expenses and payments already made by MUSX into the ABACOAL project;
- (2) P10.0 million on or before December 31, 2009, as and by way of reimbursement of the remainder of the expenses and payments already made and advanced by MUSX into the Project; and,
- (3) One-fourth percent (0.25%) of the gross coal price per ton based on Freight on Board (FOB) loaded to vessel payable within 5 days from receipt of payment by the Company, as and by way of Royalties in the project. These royalty payments are payable only for the period of the first five years of the operations of the ABACOAL project.

The P12.0 million and P10.0 million payments are recorded as part of Deposit for Future Stock Investment at the beginning of 2015 (see Note 9). The Company also made an additional deposit of P5.0 million as part of the pending acquisition by the Company of ABACOAL.

On February 21, 2011, the Company paid MUSX the amount of P10.0 million by way of full and final payment of any and all of its obligation. As a result, the Company has fully complied with its entire obligation to MUSX as the latter waived in full any and all other possible collectibles from the Company as a result of the above agreements, including but not limited to the percentage shares in the sales of ABACOAL upon the operation, thereof.

In addition to the foregoing, the Company shall have the exclusive right to create a Management Group to manage the development and production of the coal property to protect the interests of the parties therein.

15.2 Acquisition of Coal Property and Plan of Merger

On November 3, 2010, ABACOAL and the Company further revised the terms of the agreement. In the revised agreement, the Company shall acquire the Coal Property and all the other assets and liabilities of ABACOAL by and through a merger, with the Company as the surviving entity. By virtue of said merger, the Company shall issue 250,000,000 new common shares at a par value of P0.10 and an agreed issue value of P0.90 to ABACOAL. The Company undertakes to list the said shares with the PSE. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which ABACOAL and the Company agreed to execute at the proper time. As part of the agreement, the Company shall make staggered cash payments to ABACOAL, which shall be deemed as constituting a participation in operating revenues from the Coal Property, totalling P75.0 million, payable as follows:

- (1) P30.0 million advance deposit on ABACOAL's participation due on September 24, 2008, June 1, 2009 and June 8, 2009; and,
- (2) Amounts to be paid upon and to be taken from the sale of the first production of coal products from the Coal Property:
 - a. P20.0 million upon consummation of said first sale of coal products; and,
 - b. P25.0 million payable thirty days from consummation of said first sale of coal products.

As discussed in Note 9, because of lack of quorum during the Annual Shareholders' Meetings called for the last three years, the foregoing agreements with ACRHI and ABACOAL were cancelled on July 21, 2015.

16. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the financial statements. As at December 31, 2016 and 2015, management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

17. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

17.1 Requirements Under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 is presented below.

(a) Output VAT

In 2016, the Company had no revenues earned subject to output VAT.

(b) Input VAT

The movement in input VAT is summarized below.

Balance at beginning of year	P 2,936,647
Services lodged under operating expenses	<u>110,303</u>
Balance at end of year	P <u>3,046,950</u>

The balance of input VAT is presented as Input VAT under the Other Current Assets account in the 2016 statement of financial position (see Note 8).

(c) Taxes on Importation

The Company did not incur or pay any customs duties and tariff fees as it did not have any importation in 2016.

(d) Excise Tax

The Company did not have any transaction in 2016 which is subject to excise tax.

(e) Documentary Stamp Tax (DST)

The Company had paid DST amounting to P130,000 in 2016.

(f) Withholding Taxes

Expanded withholding taxes amounted to P117,606 for the year ended December 31, 2016. No other withholding taxes was recognized by the Company in 2016.

(g) *Taxes and Licenses*

The details of taxes and licenses presented under the Expenses section of the 2016 statement of profit or loss for the year ended December 31, 2016 follows:

DST	P	130,000
Permits		12,559
Barangay clearance		1,165
Residence tax – basic		500
Annual registration fee		500
		<hr/>
	P	144,724

(h) *Deficiency Tax Assessment and Tax Cases*

As at December 31, 2016, the Company does not have any final deficiency tax assessments with the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open years.

17.2 Requirements Under RR 19-2011

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

The amounts of taxable revenues, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR; hence, these may not be the same as the amounts of revenues reflected in the 2016 statement of profit or loss.

(a) *Taxable Revenues*

The Company has no taxable revenue in 2016.

(b) *Deductible Cost of Services*

The Company has no deductible cost of services in 2016.

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

The Company has no taxable non-operating and other income subject to regular tax rate for the year ended December 31, 2016.

(d) *Itemized Deductions*

The amounts of itemized deductions under the regular tax rate for the year ended December 31, 2016 are as follows:

	<u>Note</u>	
Professional fees		P 1,605,100
Membership dues		253,000
Taxes and licenses	17.1 (g)	144,724
Printing and office supplies		46,023
Transportation and travel		2,090
Depreciation		218
Miscellaneous		<u>69,010</u>
		<u>P 2,120,165</u>

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

**The Board of Directors and the Stockholders
Lodestar Investment Holdings Corporation**
7th Floor, Peaksun Bldg., 1505 Princeton St.
corner Shaw Blvd., Wack Wack Greenhills East
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We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Lodestar Investment Holdings Corporation for the year ended December 31, 2016, on which we have rendered our report dated March 24, 2017. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

- a. Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2016, and,
- b. Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2016.

Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: Christopher M. Ferarez

Partner

CPA Reg. No. 0097462

TIN 184-595-975

PTR No. 5908616, January 3, 2017, Makati City

SEC Group A Accreditation

Partner - No. 1185-AR-1 (until May 11, 2018)

Firm - No. 0002-FR-4 (until Apr. 30, 2018)

BIR AN 08-002511-34-2014 (until Aug. 5, 2017)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

March 24, 2017

Lodestar Investment Holdings Corporation

Schedule of Philippine Financial Reporting Standards and Interpretations

Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2016

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
<i>Philippine Financial Reporting Standards (PFRS)</i>				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions* <i>(effective January 1, 2018)</i>			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments</i> , with PFRS 4, <i>Insurance Contracts</i> * <i>(effective January 1, 2018)</i>			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* <i>(effective when PFRS 9 is first applied)</i>			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments (2014)* <i>(effective January 1, 2018)</i>			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* <i>(effective date deferred indefinitely)</i>			✓
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts	✓		
PFRS 16	Leases* <i>(effective January 1, 2019)</i>	✓		
<i>Philippine Accounting Standards (PAS)</i>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative* <i>(effective January 1, 2017)</i>			✓
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses* <i>(effective January 1, 2017)</i>			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendments: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (<i>effective date deferred indefinitely</i>)			✓
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendments to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓

Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers**			✓
IFRIC 19	Extincting Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine**			✓
IFRIC 21	Levies	✓		

Philippine Interpretations - Standing Interpretations Committee (SIC)

SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs**			✓

* These standards will be effective for periods subsequent to 2016 and are not early adopted by the Company.

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

ANNEX 'B'

SEC Registration Number

5	4	1	0	6							
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Company Name

L	O	D	E	S	T	A	R	I	N	V	E	S	T	M	E	N	T	H	O	L	D	I	N	G	S		
C	O	R	P	O	R	A	T	I	O	N																	

Principal Office (No./Street/Barangay/City/Town/Province)

7	F	P	e	a	k	s	u	n	B	u	i	l	d	i	n	g	1	5	0	5	P	r	i	n	c			
t	o	n	S	t	.	,	c	o	r	.	S	h	a	w	,	B	l	v	d	.	,							
B	r	g	y	W	a	c	k	-	W	a	c	k	,	G	r	e	e	n	h	i	l	l	s					
E	a	s	t	,	M	a	n	d	a	l	u	y	o	n	g	C	i	t	y									

Form Type

1	7	A	
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

www.lodestarholdings.com
--

Company's Telephone Number/s

(632) 928-9246

Mobile Number

N/A

No. of Stockholders

59

Annual Meeting

2nd Wednesday of May

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Venus L. Gregorio

Email Address

Nitsbeng.gregoriolaw@my destiny.net
--

Telephone Number/s

(632) 920-9306

Mobile Number

--

Contact Person's Address

7F Peaksun Bldg., 1505 Princeton St. corner Shaw Blvd., Mandaluyong City
--

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

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



1. For the fiscal year ended: December 31, 2016
2. SEC Identification Number: 54106
3. BIR Tax Identification No.: 200-751-430-000
4. Exact name of issuer as specified in its charter:

LODESTAR INVESTMENT HOLDINGS CORPORATION
(Formerly: LODESTAR MINING CORPORATION)

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. _____ (SEC Use Only)
Industry Classification Code:
7. 7/F Peaksun Bldg., Princeton St., Shaw Blvd., Mandaluyong City 1552
Address of principal office Postal Code
8. (632) 920-9306
Issuer's telephone number, including area code
9. _____
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
(Par Value: ₱0.10)	
Common Shares	1,000,000,000

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

Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Common Shares : 640,000,000

12. Check whether the issuer:

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

Yes [/] No []

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

Yes [/] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this form. (See definition of "affiliate" in "Annex B").

The aggregate market value as at 28 March 2017 of the voting stock held by non-affiliates of the registrant is ₦ 1,039,964,640.

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

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

Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders;

None

(b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b);

None

(c) Any prospectus filed pursuant to SRC Rule 8.1-1.

None

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

On January 3, 1974, Lodestar Mining Corporation (now Lodestar Investment Holdings Corporation) (“LIHC” or the Company”) was incorporated in the Philippines and established primarily as a mining and natural resources exploration company. The Company was engaged in the development of several gold and chromite mining claims in Masbate, Cebu, Negros Occidental and Palawan.

In 1988, the Company filed an application for listing of its 30,000,000 common shares with the Philippine Stock Exchange (“PSE”) formerly known as the Manila and Makati Stock Exchanges. On October 11, 1988, the SEC issued to the Company a Certificate of Permit to Offer Securities for Sale and rendered the Registration Statement to be effective. The Company was able to complete its initial public offering and the listing of the Company’s shares was made effective on May 26, 1989.

In October 2003, the name and primary purpose of the Company were changed from a mining company to an investment holding company.

On July 7, 2005, the Board of Directors approved the write-off of the aforementioned mining properties or claims in its financial statement as of June 30, 2005. The mining properties were reviewed as to impairment in accordance with SFAS 36/IAS 36: Impairment of Assets.

The Board of Directors, during its special meeting held on October 28, 2008, approved the private placement offering of 12,694,000 LIHC shares at the price of ₱ 2.50 per share. On 12 December 2008, the stockholders of the Company likewise approved the capital increase of the Company from ₱50,000,000.00 divided into 50,000,000 shares at ₱1.00 per share to ₱100,000,000.00 divided into 100,000,000 shares at ₱1.00 per share. In line with this application for capital increase, the Board of Directors of the Company, during its special meeting held on 13 March 2009, approved the private placement offering of 14,000,000 shares at the price of ₱1.20 per share. Said private placement funded the increase in authorized capital stock.

On 24 September 2010, as a result of the approval of the reduction in the par value of the shares of the Company from One Peso (₱1.00) per share to Ten Centavos (₱0.10) per share, the Philippine Stock Exchange implemented the reduction in the par value and stock split of Lodestar shares. After the reduction in the par value of the shares from One Peso (₱ 1.00) to Ten Centavos (₱0.10) the number and price of shares were adjusted by multiplying the number of shares by ten (number of shares x 10) and inversely, dividing the price by ten (price/10). Resulting adjustments in the amount of shares and values of consideration were accordingly reflected in the books of the Corporation, insofar as all issued and outstanding shares are concerned, including the private placement shares.

On 6 November 2009, the Board of Directors meeting, the Board, by a majority vote of its members, approved the increase in the authorized capital stock of the Company from ONE HUNDRED MILLION PESOS (₱100,000,000.00) divided into ONE BILLION (1,000,000,000) shares with par value of TEN CENTAVOS (₱0.10) per share to THREE

HUNDRED MILLION PESOS (₱300,000,000.00) divided into THREE BILLION (3,000,000,000) shares with par value of TEN CENTAVOS (₱.10) per share.¹

At a meeting of the stockholders of the Corporation held on 17 December 2009 at the Cruise Restaurant, San Miguel by the Bay, SM Mall of Asia, Paranaque City, the abovementioned increase in authorized capital stock was approved by the affirmative vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation.

That the said previous meetings on November 6, 2009 by the Board of Directors and by the stockholders meeting held on December 17, 2009 were re-adopted by the majority vote of the members of the Board of Directors on October 25, 2016 and by the affirmative vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation on December 8, 2016, confirming, ratifying and re-adopting the same.

On September 26, 2008, the Board of Directors authorized the Company to enter into a Heads of Agreement with Abacus Consolidated Resources and Holdings, Inc. ("ABACON") and Musx Corporation ("Musx") for the joint acquisition by the Company and Musx of all the outstanding and issued shares of Abacus Coal Exploration and Development Corporation ("ABACOAL") with a sharing arrangement of fifty five percent (55%) for Musx and forty five (45%) for the Company. The Company and Musx have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment into ABACOAL were set forth.

On May 21, 2009, the Company executed an Amendment to the Agreement for Joint Investment with Musx Corporation. The amendment primarily consists in the assignment to the Company of Musx's fifty five percent (55%) interest in ABACOAL subject to the terms and conditions provided in the said agreement. As a result, the Company acquired the right to purchase one hundred percent (100%) of the shares of stock of ABACOAL which necessitated a bigger capital expenditure on the part of the Company.

On May 31, 2009, the Company executed a Memorandum of Agreement with Oriental Vision Mining Corporation ("Oriental") to undertake exploration and development activities of the coal properties of ABACOAL. Under the agreement, Oriental shall develop and operate the Coal Property and pay the Company a royalty fee of Eight Percent (8%) of gross coal price per ton based on FOB loaded to vessel.

On July 21, 2015, the Company entered into Cancellation of the Heads of Agreement, Amended Heads of Agreement and Allied Contracts with Abacus Consolidated Resources Holdings, Inc. (ABACORE) and Abacus Coal Exploration and Development Corporation (ABACOAL). The cancellation was necessitated by the fact that the Merger with ABACOAL was not approved by LIHC shareholders for lack of quorum during the Annual Shareholder's Meeting called for the three (3) years prior. Thus, the Company no longer has any contractual interest over ABACOAL as a result of the cancellation of other Heads of Agreement and its allied contracts.

On September 14, 2010, the Securities and Exchange Commission approved the reduction in the par value of the shares of stock of the Company from One Peso (₱ 1.00) to Ten Centavos (₱0.10), thereby, adjusting the authorized capital stock to one billion (1,000,000,000) common shares of which Seven hundred forty million (740,000,000) shares have been subscribed.

¹ A reduction in par value from One Peso (₱ 1.00) per share to Ten centavos (₱.10) per share was approved by the SEC on 4 September 2010, thus, adjustments were made in the values.

On December 22, 2010, the stockholders during its annual meeting approved the proposed reduction in the par value of the shares of stock of the Company from Ten Centavos (₱0.10) per share to One Centavo (₱0.01) per share resulting in a stock split of ten (10) shares for every one (1) share owned. This plan to reduce the par value of the Company's shares of stock is not yet implemented.

On October 25, 2016, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Mr. Nathaniel C. Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares shall be issued out of the Company's current authorized capital stock of one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share. Likewise, on the same date, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Ms. Socorro P. Lim, for the subscription, via private placement, to two billion (2,000,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares shall be issued out of the increase in the Company's authorized capital stock from one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share to three hundred million pesos (₱300,000,000.00) consisting of three billion (3,000,000,000) common shares, with a par value of ten centavos (₱0.10) per share. On December 8, 2016, the stockholders representing approximately 67.23 % of the outstanding capital stock of the Company affirmed, ratified and re-adopted the increase in the authorized capital stock of the Company which was approved by the Board of Directors on November 6, 2009 and by shareholders owning and representing more than 2/3 of the authorized capital stock on December 17, 2009. The stockholders in the same manner, approved the sales and issuance of a total of two billion two hundred sixty million (2,260,000,000) common shares, listing of said shares in the Philippine Stock Exchange ("PSE") and waiver of the requirement to conduct a rights or public offering of the shares approved by a majority vote representing the outstanding shares held by the minority present or represented in the meeting.

The Company has never been engaged in any bankruptcy, receivership or other similar proceedings. Neither has the Company undergone any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets not in the ordinary course of business.

Item 2. Properties

The Company has no real properties. The Company likewise no longer has any contractual interest over ABACOAL as a result of the cancellation of the Heads of Agreement and its allied contracts.

Item 3. Legal Proceedings

The Company has never been a subject or party to any legal proceeding, material or otherwise. Neither is any property of the Company a subject to any legal proceeding, material or otherwise.

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

During the Annual Stockholders' Meeting of 22 December 2010, Stockholders representing a total of 504,033,000 shares or 68.1126% of the outstanding capital stock of the Company approved the proposed reduction in the par value of the shares of stock of the Company from Ten Centavos (₱0.10) per share to One Centavo (₱ 0.01) per share resulting in a stock split of ten (10) shares for every one (1) share owned. This plan of reduction in the par value of the shares of stock of the Company is not yet implemented.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

The principal market of the Company's shares is the PSE.

Closing market price as at March 28, 2017 is pegged at ₱ 1.04

The high and low sales prices of each quarter covering the years 2016, 2015 and 2014 are as follows:

	<u>High</u>	<u>Low</u>
2017		
First Quarter – March 28, 2017	₱ 1.05	₱ 1.02
2016		
First Quarter	₱ 0.75	₱ 0.50
Second Quarter	0.80	0.66
Third Quarter	0.85	0.69
Fourth Quarter	1.22	1.12
2015		
First Quarter	₱ 0.78	₱ 0.62
Second Quarter	0.82	0.66
Third Quarter	0.74	0.54
Fourth Quarter	0.91	0.67
2014		
First Quarter	₱ 0.82	₱ 0.60
Second Quarter	0.86	0.73
Third Quarter	0.76	0.61
Fourth Quarter	0.68	0.60

Source: *Technistock*

The number of shareholders as of 31 December 2016 is 59². Common shares outstanding as of 31 December 2016 are 1,000,000,000 shares per the records of BDO Unibank, Inc.

The following table presents the Company's top 20 shareholders as at 31 December 2016:

² Per the records of BDO Unibank, Inc.

Name of Shareholder	Class of Security	Number of Shares	Percentage to Total
PCD Nominee Corporation-Filipino	Common	620,726,430	62.073%
Nathaniel C. Go	Common	260,000,000	26.000%
Renato L. Reyes	Common	72,000,000	7.200%
Ramon L. Abad, Jr.	Common	28,000,000	2.800%
PCD Nominee Corporation- Non-Filipino	Common	11,736,000	1.174%
Jones R. Castro	Common	1,700,000	0.170%
Renato Lumague	Common	600,000	0.060%
William T. Enrile &/or William R. Enrile II &/or Nelly R. Enrile	Common	500,000	0.050%
Joel S. Diaz	Common	500,000	0.050%
Joaquin Corpus	Common	500,000	0.050%
Ross W. Garling	Common	400,000	0.040%
John T. Mesina	Common	300,000	0.030%
Jovenal Gonzalez	Common	300,000	0.030%
Jose De Peralta	Common	300,000	0.030%
Cesar Hablero	Common	160,000	0.016%
William Stone	Common	100,010	0.010%
Reuben Alderson	Common	100,000	0.010%
Augusto Bautista	Common	100,000	0.010%
Domingo Bautista	Common	100,000	0.010%
Jerry Angping	Common	100,000	0.010%

No dividends were declared by the Corporation for the period covered by this report.

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

On July 21, 2015, the company entered into a Cancellation of the Heads of Agreement, Amended Heads of Agreement and Allied Contracts with Abacus Consolidated Resources Holdings, Inc. (ABACORE) and Abacus Coal Exploration and Development Corporation (ABACOAL). The cancellation was necessitated by the fact that the Merger with ABACOAL was not approved by LIHC stockholders for lack of quorum during the Annual Shareholder's Meetings called for from 2012 to 2015.

Thus, the Company no longer has any contractual interest over ABACOAL as a result of the cancellation of the Heads of Agreement and its allied contracts.

Business Plan:

Business outlook for 2017 is geared towards looking for other business ventures, which is still in line with the primary purpose of the Company as a holdings corporation. Thus, the Company may again tap into various sources to look for opportunities in the diversified business sectors that are viable, growing and profitable. The Company's strategy will be to invest-buy-in or acquire businesses where the Company will at least own a significant stake or interest of the investee Company's outstanding capital. The said investment amount will allow the Company to recognize its proportionate share of the equitized earnings from its investee companies.

In October 2016, the Company started implementing its capital raising plans by issuing subscription to capital stocks via private placements of two billion two hundred sixty million shares at the subscription price of ten centavos (₱0.10) per share subject to SEC approval. This is intended to provide the Company investable funds and working capital for prospective projects. Specifics of such deals, if any, will be properly disclosed in accordance with the continuing disclosure requirements of the SEC and the PSE.

For the next twelve (12) months, the Company's cash requirements will be satisfied from the proceeds of the private placements.

Financial Performance In Philippine Pesos

Key Financial Indicator	Year 2016	Year 2015	Year 2014
Revenues	154,114	50,809	762
Cost and Expenses	2,435,685	2,130,134	1,960,136
Other Losses	1,108,560	20,000,000	
Net Income (Loss)	(3,390,131)	(22,079,325)	(1,959,374)
Current Assets	95,204,724	22,557,884	6,871,495
Current Liabilities	1,585,233	1,548,480	786,218
Total Assets	95,204,724	22,558,102	43,875,165
Total Liabilities	1,585,233	1,548,480	786,218
Stockholders' Equity	93,619,491	21,009,622	43,088,947
Current Ratio	60.06	14.57	8.74
Current Assets / Current Liabilities	95,204,724 / 1,585,233	22,557,884 / 1,548,480	6,871,495 / 786,218
Debt to Equity Ratio	0.02	0.07	0.02
Total Liabilities/Stockholders' Equity	1,585,233 / 93,619,491	1,548,480 / 21,009,622	786,218 / 43,088,947
Return on assets	NA	NA	NA
Net Income / Total Assets			
Earnings (Loss) Per Share	(0.003)	(0.030)	(0.003)
Net Income (Loss) /No. of shares outstanding	(3,390,131)/ 1,000 M	(22,079,325)/ 740 M	(1,959,374)/ 740 M

Full Fiscal Years

Calendar Year 2016

On October 25, 2016, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreements with the following investors:

1. Mr. Nathaniel Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share for a total subscription amount of Twenty Six Million Pesos (₱26,000,000.00). The Subscribed Shares shall be issued out of the Company's current authorized capital stock of One Hundred Million Pesos (₱100,000,000.00) consisting of One Billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share. Full payment of the subscription was made on November 10, 2016.

2. Ms. Socorro P. Lim, for the subscription via private placement, to two billion (2,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share for a total subscription amount of Two Hundred Million Pesos (₱200,000,000.00). The Subscribed Shares shall be issued out of the increase in the Company's authorized capital stock from One Hundred Million Pesos (₱100,000,000.00) consisting of One Billion (1,000,000,000) common shares with a par value of Ten Centavos (₱0.10) per share to Three Hundred Million Pesos (₱300,000,000.00) consisting of Three Billion (3,000,000,000) common shares. The required 25% payment downpayment of the subscription amounting to Fifty Million Pesos (₱50,000,000.00) was made on November 15, 2016 and the balance shall be paid within 15 days from SEC approval of the capital increase.

Portions of the proceeds of these transactions will be used for investments into corporate undertakings or businesses though these are still not yet definite or identified as of date, hence, no acquisition or combination has resulted from, or accompanies the transactions.

The Company needs funds to sustain its listing status and invest in businesses and undertakings which the board of directors will deem beneficial for the Company.

The above transactions resulted to a 561.85 % or ₱ 73.64 million increase in cash.

There was 10.56% or ₱998.26 thousand decrease in other current assets due to provision of uncollectible accounts net of additional input taxes earned during the period.

There was 2.37% or ₱ 36.76 thousand increase in accrued expenses attributable to accrual of legal fees and audit fees for the year.

There was an increase in deficit of 2.83% or ₱ 3.39 million mainly due to the net loss incurred during the year.

For 2016, interest income of ₱154 thousand was 222.68% or ₱106.35 thousand higher as compared to 2015 interest income of only ₱ 47.76 thousand due to substantial increase in cash brought about by the cancellation of Heads of Agreement and allied contract with ABACORE and additional payments from the private placements.

Expenses of ₱ 3.51 million was 84.12% or ₱18.61 million lower compared to 2015 operating expenses of ₱ 22.12 million mainly attributable to losses brought about by the cancellation of agreements with ABACORE amounting to ₱20 million incurred in 2015 net of provision for all uncollectible accounts for 2016 .

Calendar Year 2015

On September 26, 2008, the Board of Directors authorized the Company to enter into a Heads of Agreement with Abacus Consolidated Resources and Holdings, Inc. ("ABACON") and Musx Corporation ("Musx") for the joint acquisition by the Company and Musx of all the outstanding and issued shares of Abacus Coal and Exploration and Development Corporation ("ABACOAL"). The joint acquisition was amended on May 21, 2009 whereby the Company acquires the right to purchase one hundred percent (100%) of the shares of stock of ABACOAL.

On July 21, 2015, the Company entered into Cancellation of the Head of Agreement and allied Contracts with Abacus Consolidated Resources Holdings, Inc. (ABACORE) and

ABACOAL. The cancellation was necessitated by the fact that the Merger with ABACOAL was not approved by LIHC shareholders for lack of quorum during the Annual Shareholder's Meetings called from 2012 to 2015. In consideration of signing the Cancellation Agreement, ABACORE paid the Company a portion of the deposit for future stock investment amounting to ₦17.0 million. Accordingly, the Company recognized a loss of ₦20.0 million for the unrecovered portion which is presented as Loss on Cancellation of an Agreement. Partial payment of ₦13.5 million contributed to the increase in cash while the balance was presented as collectible.

The reported interest income earned on bank accounts amounting to ₦47,760 was ₦46,998 or 6.168% higher than the interest recorded for the year 2014 of ₦ 762. The increase was due mainly to additional cash as a result of cancellation of the Heads of Agreement by and between Lodestar, ABACOAL and ABACORE. Other income of ₦ 3,049 was derived from reversal of long outstanding liability.

The ₦2.12 million operating expenses for 2015 was 8.19% or ₦ 160.54 thousand higher when compared to 2014 expenses amounting to ₦1.96 million. The increase was attributed to the net effect of the following expenses:

1. Legal Fees – 53.27% or ₦388.89 thousand higher from ₦730 thousand in 2014 to ₦1.12 million in 2015 due to legal fees incurred for the cancellation of various contracts related to ABACOAL.
2. Salaries and Employee benefits – 68.51% or ₦190.99 thousand lower.
3. Director's fees – 14.29% or ₦ 16.66 thousand higher from ₦116.67 thousand in 2014 to ₦133.33 thousand in 2015 due to higher number of attendees.
4. Office supplies and other expenses – 48.73% or ₦ 37.46 thousand lower from ₦ 76.87 thousand in 2014 to ₦39.41 thousand in 2015.
5. Professional Fees –8.79% or ₦ 13.11 thousand lower from ₦149.11 thousand in 2014 to ₦136 thousand in 2015 due to cancellation of a contract with a professional.
6. Representation Expense – 48.62% or ₦14.01 thousand lower from ₦ 28.81 thousand in 2014 to ₦ 14.8 thousand in 2015.
7. Transportation and Travel expenses –66.40% or ₦3.56 thousand lower from ₦5.36 thousand in 2014 to ₦1.8 thousand in 2015.
8. Printing – 21.53% or ₦14.01 thousand increase from ₦ 65.06 thousand in 2014 to ₦ 79.07 thousand in 2015.
9. Taxes and Licenses – 0.66% or ₦0.1 thousand increase from ₦ 15.07 thousand in 2014 to ₦ 15.17 thousand in 2015.

The cancellation of the Heads of Agreement, Amended Heads of Agreement and Allied Contracts entails returned of payments made amounting to ₦ 17 million resulting to additional cash input of ₦13.5 million, receivables of ₦ 3.5 million and losses aggregating ₦20 million.

The above mentioned additional cash input net of expenses incurred during the year contributed to an increase in cash and cash equivalents of ₦ 12.72 million, from ₦ 383.75 thousand in 2014 to ₦ 13.11 million in 2015.

Likewise, this transaction plus a minimal increase in input vat of ₦ 62.6 thousand contributed to an increase in other current assets of ₦3.56 million.

Partial settlement of ₦0.6 million by a stockholder resulted to a decrease in advances from stockholder, from ₦ 2.46 million as of Dec. 2014 to ₦ 1.86 million in 2015.

Total liabilities of ₦ 1.55 million in 2015 is 96.95% or ₦ 762.26 thousand higher when compared to 2014 balances of only ₦ 786.22 thousand. The increase is due to additional legal fees incurred during the year.

Operating expenses net of interest earned from bank deposits and reversal of miscellaneous deposit plus other losses amounting to ₦20 million resulted to a net reduction in equity of ₦ 22.08 million, from ₦ 43.09 million in 2014 to ₦ 21.01 million in 2015.

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

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the Company with unconsolidated entities or other persons created during the year.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

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

There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Registrant.

Calendar Year 2014

On September 26, 2008, the Board of Directors authorized the Company to enter into a Heads of Agreement with Abacus Consolidated Resources and Holdings, Inc. ("ABACON") and Musx Corporation ("Musx") for the joint acquisition by the Company and Musx of all the outstanding and issued shares of Abacus Coal and Exploration and Development Corporation ("ABACOAL"). The joint acquisition was amended on May 21, 2009 whereby the Company acquired the right to purchase one hundred percent (100%) of the shares of stock of ABACOAL.

On July 21, 2015, the Company entered into a Cancellation of the Head of Agreement and allied Contracts with Abacus Consolidated Resources Holdings, Inc. (ABACORE) and ABACOAL. The cancellation was necessitated by the fact that the Merger with ABACOAL was not approved by LIHC shareholders for lack of quorum during the Annual Shareholder's Meetings called from 2012 to 2015.

For 2014, reported interest income earned on bank accounts amount to ₦762 was ₦4,721 or 86.10% lower than the interest recorded for the year 2013 of ₦ 5,483.

The ₦1.96 million operating expenses for 2014 was 39.41% or ₦ 1.27 million lower when compared to 2013 expenses amounting to ₦3.23 million . The decrease was attributed to the net effect of the following expenses:

1. Audit Fees – 4.88% or ₦11 thousand higher from ₦230 thousand in 2013 to ₦241 thousand in 2014 due to higher audit fees for 2014.
2. Salaries and Employee benefits – 55.59% or ₦349 thousand lower.
3. Director's fees – 16.00% or ₦ 22 thousand lower from ₦139 thousand in 2013 to ₦117 thousand in 2014 due to lesser board meetings conducted during the year.
4. Office supplies and other expenses – 38.51% or ₦ 69 thousand lower from ₦ 179 thousand in 2013 to ₦110 thousand in 2014.
5. Professional Fees – 61.92% or ₦ 242 thousand lower from ₦392 thousand in 2013 to ₦149 thousand in 2014 due to cancellation of contracts of a professional.
6. Repairs and Maintenance – 100% or ₦6 thousand incurred in 2014 and nil in 2013.
7. Representation Expense – 93.00% or ₦382 thousand lower from ₦ 411 thousand in 2013 to ₦ 29 thousand in 2014. This expense is relative to the Company's COC 148 which is now into development and production phase.
8. Transportation and Travel expenses – 91.02% or ₦54 thousand lower from ₦59 thousand in 2013 to ₦5 thousand in 2014.
9. Depreciation – 67.92% or ₦7 thousand lower.
10. Insurance – 141.74% or ₦ 17 thousand higher from ₦ 12 thousand 2013 to ₦ 29 thousand in 2014.
11. Legal fees – 20.65% or ₦ 190 thousand lower from ₦ 920 thousand in 2013 to ₦ 730 thousand in 2014.
12. Taxes and Licenses – 27.62% or ₦3 thousand increase from ₦ 12 thousand in 2013 to ₦ 15 thousand in 2014.

The above expenses contributed to a decrease in cash and cash equivalents from ₦490 thousand in 2013 to ₦ 384 thousand in 2013.

Other current assets increased by ₦51 thousand due to input vat from purchase of goods and services net of decrease in receivables.

Partial settlement of ₦1.17 million by a stockholder resulted to a decrease in advances from stockholder, from ₦ 3.63 million as at Dec. 2013 to ₦ 2.46 million in 2014.

Total liabilities of ₦ 786 thousand in 2014 is 1,321.60% or ₦ 731 thousand higher when compared to 2013 balances of only ₦ 55 thousand. The increase is due to unsettled legal fees.

Operating expenses net of interest earned from bank deposits resulted to a net reduction in equity from ₦ 45.05 million in 2013 to ₦ 43.09 million in 2014.

Item 7. Financial Statements

The Company's Financial Statements together with the notes thereto are incorporated and attached to this report in its entirety.

INFORMATION ON INDEPENDENT ACCOUNTANT

Audit Fees

Punongbayan and Araullo, has been the Company's independent auditor since 2009 up to present. Fees paid by the Company covering year 2016 amounted to ₱ 296,800.00, ₱268,800.00 and ₱ 240,800.00 for 2015 and 2014, respectively.

It was only in 2016 when PNA was commissioned not only to conduct the annual audit of financial statements but also to prepare a special audit report to support the Company's application for increase in authorized capital stock. Service fees amount to ₱ 69,000.00

The Company is not covered by BIR RMC No. 36-2016 and Professional Regulatory Board of Accountancy Resolution No. 03 Series of 2016 requiring the submission of certificate by the responsible Certified Public Accountants on the Compilation Services for the preparation of financial statements and notes thereto. The ruling covers those issuers which have a gross sales or revenues exceeding Ten Million Pesos (₱ 10,000,000.00) for a particular accounting year. The Financial Statements and the notes thereto are prepared by the Interim Accountant of the Issuer.

Audit Committee's Approval Policies and Procedures

The Audit Committee and PNA meet to discuss its audit plan, new accounting standards for adoption by the group, timetable, professional staff assigned to perform the engagement and service fees to be charged by the auditor, among others. Before the audit report is finalized, the PNA will present the same to the Audit Committee and the Board of Directors and secure its approval for release of the audited financial statements.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company retained the External Auditors who reviewed the financial statements for the calendar year ended 31 December 2015 and 2014. However, in compliance with the BIR RMC No. 36-2016 and Professional Regulatory Board of Accountancy Resolution No. 03 Series of 2016, the financial statements and notes thereto for the calendar year ended 31 December 2016 were prepared by the Issuer's Interim Accountant. There were no disagreements with Accountants on accounting and financial disclosure.

Pursuant to the General Requirements of SRC Rule 68, Section 3.b.iv (Qualifications of Independent Auditors), the external auditors shall be rotated every after five (5) years of engagement. In case of a firm, the signing partner shall be rotated every after said period. For 2015, the signing partner was Ms. Mailene Sigue-Bisnar , but, for 2016 it was transferred to Mr. Christopher M. Ferareza . The Company is in compliance with SRC Rule 68, Section 3.b.iv.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Company's Board of Directors is responsible for the over-all management and direction of the Company. The Board meets to review and monitor the Company's future plans. Each Board member serves for a term of one year and until his successor is duly elected and qualified.

The following table presents the members of the Board of Directors and Officers as at 31 December 2016.

Name	Age	Nationality	Present Position	Date Elected and / or Appointed
Antonio V.F. Gregorio III	44	Filipino	Director and Chairman	May 15, 2009 as Director and Dec. 13, 2012 as Chairman
Chi Ho Co	44	Filipino	Director and President	Sept. 22, 2008 as Director and Dec. 13, 2012 as President
Leonardo S. Gayao	70	Filipino	Director	December 22, 2010
Delfin S. Castro, Jr.	51	Filipino	Director, CFO and Treasurer	December 11, 2015
Ramoncito B. Cabalu	59	Filipino	Director	December 11, 2015
Manuel Ong	58	Filipino	Independent Director	December 11, 2015
Benjamin Espiritu	63	Filipino	Independent Director	December 8, 2016
Venus L. Gregorio	48	Filipino	Corporate Secretary and Corporate Information Officer	December 13, 2012

The following information is furnished with respect to each incumbent director and officer of the Company, with their respective ages, citizenship, and past business experiences from the last five years:

ANTONIO VICTORIANO F. GREGORIO III, 44, Filipino/ Director/ Chairman/ Chairman, Nomination Committee/ Member, Audit Committee

Atty. Antonio Gregorio III graduated Second Honors, with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations of 1999. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, both from the Ateneo de Manila University, Magna Cum Laude. He was a valedictorian of his high school class in the Ateneo. Atty. Gregorio sits as director and officer of various public and private companies, including Asiabest Group International, Inc. (Chairman and President from 2011 to present and Corporate Secretary/Director from 2008 to 2011), NiHao Mineral Resources International, Inc. (President from 2011 to present and Chairman from 2012 to present), Dizon Copper-Silver Mines (Treasurer/Director from 2012 to present), Abacore Capital Holdings, Inc. (Director, 2009 to present), Cuervo Far East, Inc. (Corporate Secretary/Director 2005 to present), Alta Minera, Inc., Breccia Resources, Inc., and Millionaire's Offices and properties, Inc. (Chairman, 2011 to present), Beaver Q Corporation and Barnyard Realty Corporation (Corporate Secretary, 2002 to present), Big Herald Link International Corporation (Corporate Secretary/Treasurer/Director, 2004 to present), Tajima Yakiniku, Inc. (Director, 2005 to present) and 4A9T Scholarship Foundation, Inc. (Corporate Secretary/Trustee from 1999 to present). He was formerly the

Corporate Secretary/ Director of the following companies: GNA Resources International Limited (2011 to 2015), World Wide Manpower Overseas, Inc. (2007 to 2014).

CHI HO CO, 44, Filipino/ Director and President/ Member, Audit Committee/ Member, Nomination Committee.

Mr. Chi Ho Co is a businessman who currently serves as Director and Officer of various publicly listed and private companies including Asiabest Group International Inc. (2011 to present), NiHAO Mineral Resources International, Inc. (2013 to present), Geograce Resources Philippines, Inc. (2013 to present), Hightower, Inc. of which he is the President (2003 to present), Glomedic Philippines, Inc. (Chairman, 2004 to present), Banquets in Style, Inc.(Chairman, 2003 to present), Cavite Apparel Corporation (VP, 1998 to present), Subic Bay Apparel Corporation (VP, 1998 to present), Julia Realty & Development Corp. (Treasurer, 2006 to present), Edgeport Properties, Inc. (Treasurer/Secretary, 2006 to present), Fasttrack Realty & Development, Inc. (Chairman, 2004 to present) and CAC Motors Corp. (President, 2002 to present) among other companies.

LEONARDO S. GAYAO, 70, Filipino/ Director/ Member, Remuneration Committee

Atty. Gayao graduated from San Beda College in 1973 with a Bachelor of Laws degree. He has 40 years of proven track experience in the fields of corporate law, banking and finance and real estate. He is currently the Director/President of Abacore Capital & Holdings, Inc. (1995 to present), Director/ President of Philippine Regional Investment Development Corporation (1995 to present). He is also a Director of Dizon Copper-Silver Mines, Inc. (2014-present), Director/Chairman of Abacus Coal Exploration and Development Corporation (2009-present), Director/Chairman of Ominicor Industrial Estate & Realty Center, Inc. (2009 to present), Director of Abacus Global Technovisions, Inc. (1993-present), Director/ President of Blue Stock Development Farms, Inc. (1993 to present), Director/President Hedge Issues management & Leverage Advisors, Inc. (2009-present), Director/President of Hedge Integrated Management Group, Inc. (2009-present), Director/Chairman of alpha Asia Hotels & Resorts, Inc. (1991- present), Director of Phil Star Development Bank (1997-present), Director/President of Vantage Relay Corporation (2009-present) and Director/President to Kapuluan Properties, Inc. (2009-present). He was a Director of Pacific Online Systems Corporation (2007-2014)

DELFIN S. CASTRO, JR., 51, Filipino/ Director/Treasurer/Assistant Corporate Information Officer

Mr. Delfin S. Castro, Jr. holds a Masters Degree in Business Administration and a Bachelor of Science Degree in Business Administration from the University of the Philippines. He is currently the Chairman and President of Dizon Copper-Mines, Inc. (2012- present), Director/Treasurer of Asiabest Group International, Inc. (2010 – present), Treasurer of NiHao Mineral Resources International, Inc. (2001-present), Director/Treasurer of Geograce Resources Philippines, Inc. (2006-present). He is also a Director and Corporate Secretary of Sunplaza Development Corporation and Treasurer of the Peak Condominium Corporation.

RAMONCITO CABALU, 59, Filipino/ Director

Mr. Cabalu graduated with a Bachelor of Arts degree major in Economics and Social Sciences at the University of the Philippines in 1977. Mr. Cabalu is a Director and President of a major entertainment company Circle Asia Group with major industry players to service the entertainment requirements of gaming companies in Manila and the emerging markets (2014). He is also currently a Director and Partner of Maple Tree Investments (2014) and Vice-President/Partner for Business Development of Garco Minerals and Chemical Trading.

MANUEL G. ONG, 58, Filipino/ Independent Director

Mr. Manuel Ong studied Bachelor of Science major in Chemical Engineering from the Xavier School. He is currently the Vice President and Technical Director of Industrial Welding Corporation.

BENJAMIN I. ESPIRITU, 63, Filipino/ Independent Director.

Mr. Espiritu is a Certified Public Accountant and is a corporate governance practitioner who has trained over 5,000 directors of banks, publicly listed companies, insurance companies and distribution utilities since 2002. He currently holds various corporate position and officerships in both the private and government sector. He is the President of Risks, Opportunities Assessment and Management, President and CEO of Change Management International, Inc., Chairman and CEO of Ormin Realty Corporation, Chairman of Banco de Mindoro, Inc. , Chairman and President of Konstruktura Development Resources Corp., and heads several other private corporation and two family foundations. He is also the Chairman of the Board of Regents of Pamantasan ng Lungsod ng Maynila, Chairman of the Board of Trustees of Ospital ng Maynila. He is a Director of Central Azucarera de Tarlac, Inc. and Dizon Copper Silver Mines, Inc., both of which are publicly listed companies, and of Instrastrata Assurance Corporation.

VENUS L. GREGORIO, 48, Filipino/ Corporate Information Officer/ Corporate Secretary

Atty. Gregorio graduated with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations in 1999. She has a Bachelor of Arts degree major in Political Science from the University of the Philippines. Atty. Gregorio sits as Corporate Secretary and Corporate Information Officer of Asiabest Group International Inc. (2011 to present) and Assistant Corporate Information Officer and Assistant Corporate Secretary of Dizon Copper-Silver Mines, Inc. Asst. Corporate Secretary/Director of Cuervo Far East, Inc. (2005 to present), and Corporate Secretary of Tajima Yakiniku Inc. (2005 to present).

Family Relationships

Atty. Antonio Victoriano F. Gregorio III and Atty. Venus L. Gregorio are spouses.

Other than the relationship disclosed above, the company is not aware of any other family relationships up to the fourth civil degree, either by consanguinity or affinity, among the directors and officers of the Company.

Involvement in Certain Legal Proceedings

The Company is not aware of:

- (a) any bankruptcy petition filed by or against any business or which any director or member of senior management was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment, of any director or member of senior management, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) of any director or member of senior management being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign permanently or temporarily enjoining, barring, suspending or otherwise limiting such director's or member of senior management's involvement in any type of business, securities, commodities or banking activities; and
- (d) any director or member of senior management being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory been reversed, suspended, or vacated, during the last five (5) years up to the date of filing.

Item 10. Executive Compensation

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Amount of Compensation
	2017 (est)	
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co, President (1) Delfin S. Castro, Jr., Treasurer/ CFO (1) No other officers receiving compensation as a group		0 sum of the aggregate of the named executives
	2016	0 sum of the aggregate of the named executives
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co, President (1) Delfin S. Castro, Jr., Treasurer/ CFO (1) No other officers receiving compensation as a group		0 sum of the aggregate annual cash compensation of the named executives
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co , President (1) Jose Francisco Miranda, CFO (3) No other officers receiving compensation as a group	2015	0 sum of the aggregate annual cash compensation of the named executives

(1) No compensation for services rendered

- **Compensation of Directors**

Other than a minimal per diem in the amount of ₱5,000.00 to ₱10,000.00 for each Board meeting attended, the Directors of the Company are not compensated, directly or indirectly, for any services provided as such including committee participation or any special assignments.

- **Employment Contracts and Termination of Employment and Change-in-control Arrangement**

There are no special arrangements as to the employment contract of any executive officer such that said officer will be compensated upon his resignation, retirement or other termination from the Company or its subsidiaries, or as may result from a change-in-control except as provided by law.

- **Warrants and Options Outstanding**

There are no outstanding warrants and options outstanding held by the Company's President, the named executive officers and all officers and directors as a group.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The following are the owners of record of more than five percent (5%) of the Company's outstanding capital stock, the number of shares and percentage of shareholdings of each of them as of 31 December 2016.

Type of Class	Name, address of owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount of Ownership	Percent of Class
Common	PCD Nominee Corporation	Various Owners 1. Abacus Securities Corporation – 75,062,986 (7.51%) 2.. AP Securities, Inc. – 174,656,000 (17.46%) 3. Venture Securities, Inc. - 61,334,000 (6.13%)	Filipino	620,726,430	62.07%
Common	Nathaniel C. Go		Filipino	260,000,000	26.00%
Common	Renato Reyes		Filipino	72,000,000	7.20%

Security Ownership of Management

The following are the number of common shares owned of record by the directors and executive officers of the Company and the percentage of shareholdings of each of them, as of December 31, 2016:

Title of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect	Citizenship	Percent of Class
Common	Antonio V.F. Gregorio III Chairman and Director	10,000 (Direct)	Filipino	0.000%
Common	Chi Ho Co President and Director	10,000 (Direct)	Filipino	0.00%
Common	Leonardo S. Gayao Director	1,000 (Direct)	Filipino	0.00%
Common	Delfin S. Castro, Jr. Director, CFO, Treasurer and Assistant Corporate Information Officer	10,000 (Direct)	Filipino	0.00%
Common	Ramoncitu Cabalu Director	1,000 (Direct)	Filipino	0.00%
Common	Manuel Go Ong Independent Director	1,000 (Direct)	Filipino	0.00%
Common	Benjamin Espiritu Independent Director	1,000 (Direct)	Filipino	0.00%
Common	Venus L. Gregorio Corporate Secretary and Corporate Information Officer	10,000 (Indirect) From Antonio V.F. Gregorio	Filipino	0.00%
	Aggregate for above named Officers and Directors	34,000		0.00%

Changes in Control

No arrangements are in place, which may result in a change in the control of the Company.

Item 12. Certain Relationships and Related Transactions

Transactions With Related Parties:

The Company extended advances to a stockholder which amounted to ₱1,857,076 as of December 31, 2016. These advances are non-interest bearing.

The Company obtains short-term and non interest-bearing advances from stockholders for working capital requirements. Total advances amounted to NIL and ₦1,050,000 as of December 2011 and 2010, respectively.

Transactions With Key Management Personnel:

The Company avails of the services rendered by lawyers who are also key management personnel of the Company. The related legal fees for 2016 amount to ₦820 thousand.

PART IV – CORPORATE GOVERNANCE

As indicated in SEC Memorandum Circular No. 20 dated 08 December 2016, the 2016 Annual Corporate Governance Report will be submitted in a separate report on or before 30 May 2017.

PART V – EXHIBITS AND SCHEDULES

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

(a) Exhibits

None.

(b) Reports on SEC Form 17-C

The following SEC Form 17-C (Current Reports) have been filed by the Company during the last twelve-month period covered by this report on the dates mentioned hereunder:

Date of Event Reported	Event Reported
April 06, 2016	<p>The following matters were taken up during the board meeting :</p> <p>(1) Board approval of the Annual Audited Financial Statements, Annual Report and Annual Corporate Governance (ACGR) for the year ended 31 December 2015.</p> <p>(2) Postponement of the Annual Stockholders' meeting scheduled to be held on 2nd Thursday of May to the third quarter of 2016 at a specific date and time to be determined by the President.</p>
August 11, 2016	<p>The following matters were taken up during the board meeting :</p>

- (1) Approval of the Second Quarter Financial Statements.
- (2) Postponement of the Annual Stockholders' meeting scheduled to be held on 2nd Thursday of May to be held on the fourth quarter of 2016 at a specific date and time to be determined by the President

October 25, 2016

The following matters were taken up during the board meeting :

- (1) Board authorized the execution, delivery and implementation of the Subscription Agreement with Mr. Nathaniel C. Go for the subscription, via private placement, of two hundred sixty million (260,000,000) shares at the subscription price of Ten centavos (₱0.10) per share.
- (2) Board authorized the execution, delivery and implementation of the Subscription Agreement with Ms. Socorro P. Lim for the subscription, via private placement, of two billion (2,000,000,000,000) shares at the subscription price of Ten centavos (₱0.10) per share.

December 8, 2016

Results of annual stockholders' meeting and organizational meeting of the Board of Directors.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Mandaluyong on April 5, 2017.

By:

ANTONIO VICTORIANO F. GREGORIO III
Chairman of the Board

CHI HO CO
President

DELFIN S. CASTRO, JR.
CFO/Treasurer

VENUS L. GREGORIO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 05 APR 2017 day of 2017
affiants exhibiting to me

Name

ID No.

Antonio V.F. Gregorio III	TIN 201-897-602
Chi Ho Co	TIN 167-858-435
Delfin S. Castro, Jr.	TIN 164-381-790
Venus Gregorio	TIN 181-964-522

Doc. No. :
Page No. :
Book No. :
Series of 2017.

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ATTY. JUAN JAIME D. NOLASCO
NOTARY PUBLIC UNTIL DEC. 31, 2017
IBP NO. 1051007 - 1/3/17
PTR NO. 3024015 / 1/3/17 - MAND. CITY
ROLL NO. 60268 / MCLE NO. V-0017 ISS / 3/21/16
UNIT 3F OSV BLDG. MAYSHIQ CIRCLE
Brgy. PLAINVIEW MAND. CITY

Lodestar Investment Holdings Corporation
List of Supplementary Information
December 31, 2016

p

Schedule	Content	Page No.
Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68		
A	Financial Assets	
	Financial Assets at Fair Value Through Profit or Loss	1
	Held-to-maturity Investments	1
	Available-for-sale Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Intangible Assets - Other Assets	4
E	Long-term Debt	5
F	Indebtedness to Related Parties	6
G	Guarantees of Securities of Other Issuers	7
H	Capital Stock	8
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2016	9
	Summary of Philippine Financial Reporting Standards Effective as at December 31, 2016	10
	Map Showing the Relationship Between the Company and its Related Entities	14
	Key Performance Indicators	15

Lodestar Investment Holdings Corporation
Schedule A - Financial Assets
December 31, 2016

P

<i>Name of Issuing Entity and Description of Investment</i>	<i>Amount shown in the Balance Sheet</i>	<i>Value based on market quotation at end of reporting period (per share)</i>	<i>Income received and accrued</i>

Not applicable

Lodestar Investment Holdings Corporation

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

December 31, 2016

P

<i>Name and Designation of Debtor</i>	<i>Balance at Beginning of Year</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at End of Year</i>
			<i>Amounts Collected</i>	<i>Amounts Written-off</i>	<i>Current</i>	<i>Non - Current</i>	
Mr. Chi Ho Co <i>President</i>			P 1,857,076	P -	P -	P 1,857,076	P 1,857,076

Mr. Chi Ho Co

President

Advances to a stockholder P 1,857,076 P - P - P 1,857,076 P - P 1,857,076

The advances to a stockholder are unsecured and are collectible upon demand. These advances are generally settled in cash.

Lodestar Investment Holdings Corporation
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2016

p

<i>Name of Related Party</i>	<i>Balance at Beginning of Period</i>	<i>Additions</i>	<i>Amount collected</i>	<i>Amounts written off</i>	<i>Current</i>	<i>Non-current</i>	<i>Balance at end of period</i>

Not applicable

Lodestar Investment Holdings Corporation
Schedule D - Intangible Assets - Other Assets
December 31, 2016

P

<i>Description</i>	<i>Beginning Balance</i>	<i>Additions at costs</i>	<i>Charged to Cost and Expenses</i>	<i>Charged to Other Accounts</i>	<i>Other Changes Additions (Deductions)</i>	<i>Ending Balance</i>

Not applicable

Lodestar Investment Holdings Corporation
Schedule E - Long-term Debt
December 31, 2016

p

<i>Title of Issue and Type of Obligation</i>	<i>Amount Authorized by Indenture</i>	<i>Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet</i>	<i>Amount Shown Under Caption "Long-term Debt" in related Statement of Condition</i>
			Not applicable

Lodestar Investment Holdings Corporation
Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2016

p

<i>Name of Related Party</i>	<i>Balance at Beginning of Year</i>	<i>Balance at End of Year</i>

Not applicable

Lodestar Investment Holdings Corporation
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2016

p

<i>Name of Issuing Entity of Securities Guaranteed by the Company for which This Statement is Filed</i>	<i>Title of Issue of Each Class of Securities Guaranteed</i>	<i>Total Amount Guaranteed and Outstanding</i>	<i>Amount Owned by Person for which This Statement is Filed</i>	<i>Nature of Guarantee</i>

Not applicable

Lodestar Investment Holdings Corporation
Schedule H - Capital Stock
December 31, 2016

p

<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption</i>	<i>Number of Shares Reserved for Options, Warrants, Conversion and Other Rights</i>	<i>Number of Shares Held by</i>		
				<i>Related Parties</i>	<i>Directors, Officers and Employees</i>	<i>Others</i>
Common shares	1,000,000,000	1,000,000,000	-	-	34,000	999,966,000

Lodestar Investment Holdings Corporation
7th Floor, Peaksun Bldg., 1505 Princeton St. corner Shaw Blvd.
Wack Wack Greenhills East, Mandaluyong City

Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2016

The Company has a deficit as at December 31, 2016. Presented below is an analysis of the deficit for purposes of this reconciliation requirement.

DEFICIT AT BEGINNING OF YEAR	(P 119,705,236)
Net loss for the year	(3,390,131)
DEFICIT AT END OF YEAR	(P 123,095,367)

LODESTAR INVESTMENT HOLDINGS CORPORATION
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2016

p

Not applicable

LODESTAR INVESTMENT HOLDINGS CORPORATION
Key Performance Indicators
December 31, 2016

P

	2016	2015	2016	2015
a.) Current Ratio				
Current Assets	P 95,204,724	P 22,557,884	60.06	14.57
Current Liabilities	1,585,233	1,548,480		
b.) Quick Ratio				
Cash	86,752,612	13,107,516	54.73	8.46
Current Liabilities	1,585,233	1,548,480		
c.) Debt-to-equity Ratio				
Debt	1,585,233	1,548,480	0.02	0.07
Equity	93,619,491	21,009,622		
d.) Book value per share				
Equity	93,619,491	21,009,622	0.09	0.03
No. of Shares Outstanding	1,000,000,000	740,000,000		
e.) Net Profit Margin				

Not applicable. The Company is in a net loss position in 2016 and 2015 since it has not yet started its commercial operations.

f.) Asset to Equity Ratio				
Assets	95,204,724	22,558,102	1.02	1.07
Equity	93,619,491	21,009,622		

g.) Interest Rate Coverage Ratio

Not applicable. The Company has no borrowings in 2016 and 2015.

h.) Gross Profit Margin

Not applicable. The Company has no revenue in 2016 and 2015 since it has not yet started its commercial operations.

COVER SHEET

SEC Registration Number

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Company Name

L	O	D	E	S	T	A	R	I	N	V	E	S	T	M	E	N	T	H	O	L	D	I	N	G	S			
C	O	R	P	O	R	A	T	I	O	N																		

Principal Office (No./Street/Barangay/City/Town) Province)

7	T	H		F	L	O	O	R	P	E	A	K	S	U	N	B	L	D	G	,	1	5	0	5				
P	R	I	N	C	E	T	O	N	S	T	,	B	R	G	Y	G	R	E	E	N	H	I	L	L	S			
E	A	S	T	W	A	C	K	W	A	C	K	M	A	N	D	A	L	U	Y	O	N	G	C	I	T	Y		

Form Type

Department requiring the report

Secondary License Type, If Applicable

17Q1 2017

C	R	M	D
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COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

Mobile Number

lodestarholdings@yahoo.com
--

(632) 9289246

N/A

No. of Stockholders

Annual Meeting
Month/DayFiscal Year
Month/Day

59

2nd Thursday of May

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Email Address

Telephone Number/s

Mobile Number

Atty. Venus L. Gregorio

attybal@yahoo.com
--

(632) 9289246

N/A

Contact Person's Address

45 South Maya, Philam Homes, Quezon City
--

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the quarterly period ended: **March 31, 2017**
2. SEC Identification Number: **54106** 3. BIR Tax Identification No.: **200-751-430-000**
4. Exact name of issuer as specified in its charter:

LODESTAR INVESTMENT HOLDINGS CORPORATION

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **7th Floor Peaksun Bldg., 1505 Princeton St.,
Shaw Blvd., Mandaluyong City**
Address of principal office **1555**
Postal Code
8. **(632) 920-9306**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
(Par value: ₱0.10)	
Common Shares (issued)	1,000,000,000¹
Common Shares (authorized)	1,000,000,000

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

Yes [/] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Common Shares : **640,000,000**

¹ Number of issued and outstanding shares based on the records of the Stock and Transfer Agent.

12. Check whether the issuer:

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

Yes [/] No []

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

Yes [/] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

See attached “Annex A”

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

This Financial Statements meeting the requirements of SRC Rule 68, is furnished as specified therein.

In this interim period:

- a) There is no known trend, event or uncertainty that has or is reasonably likely to have a negative impact on the Company's short-term or long-term liquidity. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments;
- b) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- c) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;
- d) There are no material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;
- e) There are no 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;
- f) There are no significant elements of income or loss that did not arise from the Company's continuing operations;
- h) No seasonal or cyclical factor that affected this quarter's interim operations.

Item 2. Management's Discussion and Analysis (MD&A) or Plan of Operations

Plan of Operation

Part III, Paragraph (A) of Annex "C" of the Securities Regulation Code under Rule 12 states that the information under subparagraph (2) thereof is required for companies that are operational and had revenues from its operations. In this light, the foregoing information only tackles Part III, Paragraph (A) (1) of Annex "C", insofar as applicable.

Business

On January 3, 1974, Lodestar Mining Corporation (now Lodestar Investment Holdings Corporation) ("LIHC" or the Company") was incorporated in the Philippines and established initially as a mining and natural resources exploration company. The Company was engaged in the development of several gold and chromite mining claims in Masbate, Cebu, Negros Occidental and Palawan.

In 1988, the Company filed an application for listing of its 30,000,000 common shares with the Philippine Stock Exchange ("PSE") formerly known as the Manila and Makati Stock Exchanges. On October 11, 1988, the SEC issued to the Company a Certificate of Permit to Offer Securities for Sale and rendered the Registration Statement to be effective. The Company was able to complete its initial public offering and the listing of the Company's shares was made effective on May 26, 1989.

In October 2003, the name and primary purpose of the Company were changed to reflect a change from a mining company to an investment holding company, among others. On September 23, 2003, the Board of Directors filed with the SEC the proposed amendments to the Company's Articles of Incorporation and By-laws. As an investment holding company, the Company will have flexibility in pursuing new business ventures that would enhance shareholder value over time.

On July 7, 2005, the Board of Directors approved the write-off of the aforementioned mining properties or claims in its financial statement as of June 30, 2005. The mining properties were reviewed as to impairment in accordance with SFAS 36/IAS 36: Impairment of Assets.

The Board of Directors, during its special meeting held on October 28, 2008, approved the private placement offering of 12,694,000 LIHC shares at the price of ₱ 2.50 per share. On 12 December 2008, the stockholders of the Company likewise approved the capital increase of the Company from ₱50,000,000.00 divided into 50,000,000 shares at ₱1.00 per share to ₱100,000,000.00 divided into 100,000,000 shares at ₱1.00 per share. In line with this application for capital increase, the Board of Directors of the Company, during its special meeting held on 13 March 2009, approved the private placement offering of 14,000,000 shares at the price of ₱1.20 per share. Said private placement funded the increase in authorized capital stock.

Per the records of the Corporation, on 24 September 2010, as a result of the approval of the reduction in the par value of the shares of the Company from One Peso (₱ 1.00) per share to Ten Centavos (₱ 0.10) per share, the Philippine Stock Exchange implemented the reduction in the par value and stock split of Lodestar shares. After the reduction in the par value of the shares from One Peso (₱ 1.00) to Ten Centavos (₱0.10) the number and price of shares have been adjusted by multiplying the number of shares by ten (number of shares x 10) and inversely, dividing the price by ten (price/10). Resulting adjustments in the amount of shares and values of consideration were accordingly reflected in the books of the Corporation, insofar as all issued and outstanding shares are concerned, including the private placement shares.

On 11 December 2015, during the Annual Stockholders' Meeting of the Company, the shareholders confirmed, ratified and re-adopted the 2009 Stockholders' approval of the increase in the authorized capital stock of LIHC. Said resolution was passed during the 17 December 2009 Annual Meeting wherein shareholders, holding at least 2/3 majority of the outstanding capital stock, voted in favor of the capital increase from one hundred million pesos (₱100,000,000.00) divided into one hundred million (100,000,000) shares at a par value of one Peso (₱1.00) per share to three hundred million Pesos (₱300,000,000.00) divided into three billion (3,000,000,000) shares at the reduced par value of Ten centavos (₱0.10) per share without stockholders' pre-emptive right.

On September 26, 2008, the Board of Directors authorized the Company to enter into a Heads of Agreement with Abacus Consolidated Resources and Holdings, Inc. ("ABACON") and Musx Corporation ("Musx") for the joint acquisition by the Company and Musx of all the outstanding and issued shares of Abacus Coal Exploration and Development Corporation ("ABACOAL") with a sharing arrangement of fifty five percent (55%) for Musix and forty five (45%) for the Company. The Company and Musx have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment into ABACOAL were set forth.

On May 21, 2009, the Company executed an Amendment to the Agreement for Joint Investment with Musx Corporation. The amendment primarily consists in the assignment to the Company of Musx's fifty five percent (55%) interest in ABACOAL subject to the terms and conditions provided in the said agreement. As a result, the Company acquired the right to purchase one hundred percent (100%) of the shares of stock of ABACOAL which necessitated a bigger capital expenditure on the part of the Company.

On May 31, 2009, the Company executed a Memorandum of Agreement with Oriental Vision Mining Corporation ("Oriental") to undertake exploration and development activities of the coal properties of ABACOAL. Under the agreement, Oriental shall develop and operate the Coal Property and pay the Company a royalty fee of Eight Percent (8%) of gross coal price per ton based on FOB loaded to vessel.

On July 21, 2015, the Company entered into Cancellation of the Heads of Agreement, Amended Heads of Agreement and Allied Contracts with Abacus Consolidated Resources Holdings, Inc. (ABACORE) and Abacus Coal Exploration and Development Corporation (ABACOAL). The cancellation was necessitated by the fact that the Merger with ABACOAL was not approved by LIHC shareholders for lack of quorum during the Annual Shareholder's Meeting called for the three (3) years prior.

The Company thus, no longer has any contractual interest over ABACOAL as a result of the cancellation of other Heads of Agreement and its allied contracts.

On October 25, 2016, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Mr. Nathaniel C. Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (₱0.10) per share. The subscribed shares shall be issued out of the Company's current authorized capital stock of one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share. Likewise, on the same date, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Ms. Socorro P. Lim, for the subscription, via private placement, to two billion (2,000,000,000) shares at the subscription price of ten centavos (₱0.10) per share. The subscribed shares shall be issued out of the increase in the Company's authorized capital stock from one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share to three hundred million pesos (₱300,000,000.00) consisting of three billion (3,000,000,000) common shares, with a par value of ten centavos (₱0.10) per share. On December 8, 2016, the stockholders representing approximately 67.23 % of the outstanding capital stock of the Company

affirmed, ratified and re-adopted the increase in the authorized capital stock of the Company which was approved by the Board of Directors on November 6, 2009 and by shareholders owning and representing more than 2/3 of the authorized capital stock on December 17, 2009. The stockholders in the same manner, approved the sales and issuance of a total of two billion two hundred sixty million (2,260,000,000) common shares, listing of said shares in the Philippine Stock Exchange ("PSE") and waiver of the requirement to conduct a rights or public offering of the shares approved by a majority vote representing the outstanding shares held by the minority present or represented in said meeting

Business Plan:

Still in line with the primary purpose of the Company as a holdings corporation, business outlook for 2017 is geared towards looking for other business ventures. Thus, the Company may again tap into various sources to look for opportunities in the various business sectors that are viable, growing and profitable. The Company's strategy will be to invest, buy-in or acquire businesses where the Company will at least own a significant stake or interest in the investee Company's outstanding capital. The said investment amount will allow the Company to recognize its proportionate share of the equitized earnings from its investee companies.

Within the next three (3) to six (6) months, subject to SEC approval, the Company will implement the increase in its authorized Capital. This capital raising plan is intended to provide the Company investable funds and working capital for prospective projects. Specifics of such deals, if any, will be properly disclosed in accordance with the continuing disclosure requirements of the SEC and the PSE.

Likewise, for the next three (3) to six (6) months, the Company's cash requirements will be satisfied from the proceeds/collection of Advances from stockholders and the proceeds of private placements with investors.

Management's Discussion and Analysis for the Interim Period Ended March 31, 2017 as compared with March 31, 2016:

Revenues

The Company did not earn any revenue during the three-month period ended March 31, 2017 as it has not undertaken commercial operations.

Expenses

Expenses went up by ₱ 27.12 thousand or 6.76% from ₱ 401.15 thousand in March 2016 to ₱428.28 thousand in March 2017. This is attributable to board meeting expenses during said period.

Net Loss

After deducting interest income from regular savings account, the Company posted a net loss of ₱411.09 thousand for the period ended March 2017 which is 6.85% or ₱26.34 thousand higher as compared to net loss of ₱384.75 thousand on for the same period in 2016.

Financial Condition

The Company's Total Assets comprising of Current Assets amount to ₱94.66 million which is 326.82% or ₱72.48 million higher than that of March 31, 2016 balance amounting to ₱22.18 million. Total Assets on March 31, 2017 is comprised of ₱86.38 Million in Cash, ₱ 1.66 million in Advances to a stockholder and ₱6.63 million in Other Current Asset.

The Company's Total Liabilities were comprised of accounts payable and accrued expenses. The Total Liabilities decreased by ₱ 98.52 thousand or 6.34% from ₱1.55 million in March 2016 to ₱1.456 million in March 2017.

Stockholders' equity posted a 351.92 % or ₦ 72.58 million increase from ₦20.62 million in March 2016 to ₦93.21 million in March 2017, attributable mainly to the payment of additional subscription of capital stock and deposit for future subscription.

Material Changes to the Company's pro-forma Balance Sheet as of March 31, 2017 as compared with pro-forma Balance Sheet as of March 31, 2016 (increase/decrease of 5 % or more)

580.26 % or ₦ 73.68 million increase in Cash and cash equivalents from ₦ 12.70 million in March 2016 to ₦ 86.38 million in March 2017. The significant increase is due to additional subscription of capital stock and deposit for future subscription.

6.34% or ₦ 98.52 thousand decrease in liabilities from ₦ 1554.06 thousand in March 2016 to ₦1455.57 million in September 2016 due to accrual of expenses.

2.84% or ₦ 3.42 million increase in deficit due to losses incurred during the period.

Key Performance Indicators

Considering the Company's non-operational status, the key performance indicators of the Company are as follows:	March 31, 2017	March 31, 2016
Current Ratio (1)	65.48x	14.27x
Quick Ratio (2)	59.34x	8.17 x
Debt-equity ratio (3)	0.016x	0.075x
Book value per share (4)	0.093x	0.03x
Net Profit Margin (5)	NA	NA

(1) Current Assets / Current Liabilities

March 2017 (₦ 94,663,969/₦ 1,445,571)
 March 2016 (₦ 22,178,961/₦ 1,554,087)

(2) Cash / Current Liabilities

March 2017 (₦ 86,380,421/₦ 1,445,571)
 March 2016 (₦ 12,698,125/₦ 1,554,087)

(3) Debt / Equity

March 2017 (₦ 1,455,571/₦ 93,208,397)
 March 2016 (₦ 1,554,087/₦ 20,624,875)

(4) Equity /Subscribed Shares

March 2017 (₦ 93,208,397/1,000,000,000)
 March 2016 (₦ 20,624,875/740,000,000)

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is sometimes called the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities. Current ratio is higher than the same period last year due to cash brought about by private placement activities.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid. Since the Company does not have any marketable securities and accounts receivables, the computation of this ratio was based on cash alone. Quick ratio for the current period is higher as compared to the same period of last year due to cash brought about by private placement transactions..

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company. The ratio for the current period is lower as compared with that of last year.

Book value Per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities divided by the total number of shares outstanding.

Net Profit Margin Ratio related to the profits of a company to its sales, assets or equity. It indicates the rate of profit from sales and other revenues. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

Additional Financial Soundness Indicators

	March 31, 2017	March 31, 2016
Asset to equity ratio (1)	1.0160x	1.08x
Interest Rate coverage ratio (2)	NA	NA
Gross Profit Margin (3)	NA	NA

(1) Total Assets / Total Equity

March 2017 ($\text{P} 94,663,969/\text{P} 93,208,792$)
March 2016 ($\text{P} 22,178,961/\text{P} 20,624,875$)

(2) Income before Interest and Taxes / Interest Expense

March 2017 N/A
March 2016 N/A

(3) Gross Profit / Sales

March 2017 N/A
March 2016 N/A

Asset to Equity ratio measures the financial leverage and long term solvency of the Company. It is derived by dividing the total asset from its total equity.

Interest Coverage Ratio determines how easily a company can pay interest on outstanding debt. The Company did not incur any interest on its advances.

Gross Profit Margin is derived by dividing gross profit by the sales. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

PART II – OTHER INFORMATION

There are no contingent liabilities or contingent assets or known trend and events that may materially affect the company's operation nor are there estimates of amounts reported in prior periods that may have a material effect on the attached financial statements.

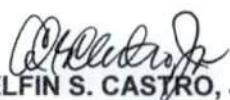
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Mandaluyong City on May 10, 2017.

By:



ANTONIO VICTORIANO F. GREGORIO III
Chairman



DELFIN S. CASTRO, JR.
Treasurer

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION

" ANNEX A"

	Notes	Unaudited March 31, 2017	Audited Dec 31, 2016
ASSETS			
Current Assets			
Cash and cash equivalents		P 86,365,217	P 86,752,612
Advances to a stockholder	2	1,657,076	1,857,076
Other current assets		6,626,472	6,595,036
Total Current Assets		P 94,648,765	P 95,204,724
Non - current assets			
Property and Equipment (net)		-	-
Total Non-Current Assets		-	-
		P 94,648,765	P 95,204,724
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	3	P 1,455,571	P 1,585,233
Total Liabilities		P 1,455,571	P 1,585,233
Stockholder's Equity			
Capital Stock - P0.10 par value	4	100,000,000	100,000,000
Additional Paid-In Capital	4	66,714,858	66,714,858
Deposit for Future Subscription		50,000,000	50,000,000
Deficit		(123,521,664)	(123,095,367)
Total Stockholders' Equity		P 93,193,194	P 93,619,491
		P 94,648,765	P 95,204,724

LODESTAR INVESTMENT HOLDINGS CORPORATION
 STATEMENTS OF INCOME
 (Unaudited)

	<u>January 1 to March 31, 2017 (Three Months)</u>	<u>January 1 to March 31, 2016 (Three Months)</u>
REVENUES	P	P
EXPENSES	428,277	401,154
INCOME (LOSS) BEFORE OTHER LOSSES	(428,277)	(401,154)
INTEREST INCOME	1,979	16,405
<u>NET INCOME (LOSS)</u>	<u>P</u>	<u>(426,297)</u>
WEIGHTED AVE. NUMBER OF COMMON SHARES	1,000,000,000	740,000,000
<u>Loss Per Share</u>	<u>(0.000)</u>	<u>(0.001)</u>

Note: No dividends declared during the period

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY

		Unaudited March 31, 2017		Audited Dec. 31, 2016		Unaudited March 31, 2016		Audited Dec. 31, 2015
CAPITAL STOCK - P 0.10 par value								
Beginning Balance	P	100,000,000	P	74,000,000	P	74,000,000	P	74,000,000
Subscribed				26,000,000		-		
Balance at end of period	P	100,000,000	P	100,000,000	P	74,000,000	P	74,000,000
ADDITIONAL PAID-IN CAPITAL								
Beginning Balance	P	66,714,858	P	66,714,858	P	66,714,858	P	66,714,858
Subscribed		-		-				
Balance at end of period	P	66,714,858	P	66,714,858	P	66,714,858	P	66,714,858
DEPOSIT FOR FUTURE SUBSCRIPTION		50,000,000		50,000,000				
DEFICIT								
Beginning Balance	P	(123,095,367)	P	(119,705,236)	P	(119,705,236)	P	(97,625,911)
Net Income (loss)		(426,297)		(3,390,131)		(384,749)		(22,079,325)
Balance at end of period	P	(123,521,664)	P	(123,095,367)	P	(120,089,985)	P	(119,705,236)
STOCKHOLDERS' EQUITY, END	P	93,193,194	P	93,619,491	P	20,624,874	P	21,009,622

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
(Uaudited)

	<u>Jan 1 to March 31, 2017 (Three Months)</u>	<u>Jan 1 to March 31, 2016 (Three Months)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	P (426,297)	P (384,749)
Adjustment for:		
Realized FV loss on AFS	-	218
Depreciation	-	(1,979)
Interest Income	(1,979)	(16,405)
Net loss before working capital changes	(428,276)	(400,936)
Adjustment to reconcile net loss to net cash provided by operating activities		
Changes in operating assets and liabilities		
Decrease (increase) in :		
Other current assets	(31,436)	(30,469)
Increase (decrease) in :		
Accounts payable and accrued expenses	(129,662)	5,608
Net cash provided by operating activities	(589,374)	(425,796)
Interest Received	1,979	16,405
Net cash from operating activities	(587,395)	(409,392)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sale and purchase of available-for-sale financial assets	-	-
Additional deposit for acquisition of 100% shares of Abacoal	-	-
Disposals (acquisitions) of property and equipment	-	-
Net cash used in investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from other parties		
Advances from stockholders	200,000	-
Receipts of payment of subscription to capital stocks		
Net cash provided by (used in) financing activities	200,000	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(387,395)	(409,392)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	86,752,612	13,107,516
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	P 86,365,217	P 12,698,125

LODESTAR INVESTMENT HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENT

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with the Philippine Financial Reporting Standards. The company has followed the same accounting policies and methods of computation used with the most recent annual financial statement. No new accounting policy has been adopted for this interim report.

2. RELATED PARTY TRANSACTIONS

In 2012, the Company grants non-interest bearing advances to a stockholder for working capital purposes. The advances to the stockholder are unsecured and are due and demandable anytime. These advances are generally settled in cash.

As at March 31, 2017, based on management's assessment, the outstanding balance of the Company's advances to a stockholder amounting to Php 1,657,076 is not impaired, hence, no impairment loss is recognized.

3. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of accrued expenses which represent expenses continuously incurred for maintaining the operational and listing status with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). This is composed of legal fees, stock transfer agent fees and withholding taxes.

4. CAPITAL STOCK

To address the Company's liquidity shortfalls and raise the needed fund for investment into Abacoal, the Company increased its authorized capital stock from Fifty Million Pesos (₱50,000,000.00) divided into Fifty Million (50,000,000) shares to One Hundred Million Pesos (₱100,000,000.00) divided into One Hundred Million (100,000,000) shares, both with a par value of One Peso (₱1.00) per share. The capital increase was approved by the Securities and Exchange Commission on 30 July 2009. To fund the capital increase, the Company entered into private placement transactions with several investors at the price of ₱1.20 per share. Full payment was made to the Company during the first quarter of 2010. Said shares were approved by the Philippine Stock Exchange for listing on July 14, 2010.

On November 6, 2009, the Company entered into another set of investment agreements with various investors wherein the investors agreed to subscribe by way of private placement to 10 million common shares of stock to be issued out of the unissued and unsubscribed portion of the authorized capital stock of the Company. The shares were subscribed at a price of ₱5.05 per share or for a total of ₱50.5 million, of which 25% or ₱12.6 million was paid at that time. The transaction was approved by the BOD on September 14, 2009. The balance of 75% of the gross investment amount was paid in March 2011. Listing application for such shares is currently pending with the PSE.

On Sept. 14, 2010, SEC approved the reduction in the par value of the shares of stock from One Peso (₱1.00) to Ten Centavos (₱0.10). The authorized capital stock of the Corporation shall be One Hundred Million Pesos (₱100,000,000.00) divided into One Billion (1,000,000,000) common shares with par value of Ten Centavos (₱0.10) per share. Also on

the same date, the SEC approved the Amended By-laws providing for the creation, powers and functions of the Nomination, Remuneration, Audit, Executive and Finance Committees of the Company.

Per the records of the Corporation, on 24 September 2010, as a result of the approval of the reduction in the par value of the shares of the Company from One Peso (₱ 1.00) per share to Ten Centavos (₱ 0.10) per share, the Philippine Stock Exchange implemented the reduction in the par value and stock split of Lodestar shares. After the reduction in the par value of the shares from One Peso (₱ 1.00) to Ten Centavos (₱ 0.10) the number and price of shares have been adjusted by multiplying the number of shares by ten (number of shares x 10) and inversely, dividing the price by ten (price/10). Resulting adjustments in the amount of shares and values of consideration were accordingly reflected in the books of the Corporation, insofar as all issued and outstanding shares are concerned, including the private placement shares.

On October 25, 2016, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Mr. Nathaniel C. Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares shall be issued out of the Company's current authorized capital stock of one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱ 0.10) per share. Likewise, on the same date, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Ms. Socorro P. Lim, for the subscription, via private placement, to two billion (2,000,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares shall be issued out of the increase in the Company's authorized capital stock from one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱ 0.10) per share to three hundred million pesos (₱300,000,000.00) consisting of three billion (3,000,000,000) common shares, with a par value of ten centavos (₱ 0.10) per share. On December 8, 2016, the stockholders representing approximately 67.23 % of the outstanding capital stock of the Company affirmed, ratified and re-adopted the increase in the authorized capital stock of the Company which was approved by the Board of Directors on November 6, 2009 and by shareholders owning and representing more than 2/3 of the authorized capital stock on December 17, 2009. The stockholders in the same manner, approved the sales and issuance of a total of two billion two hundred sixty million (2,260,000,000) common shares, listing of said shares in the Philippine Stock Exchange ("PSE") and waiver of the requirement to conduct a rights or public offering of the shares approved by a majority vote representing the outstanding shares held by the minority present or represented in said meeting.

5. RISK MANAGEMENT

The Company is exposed to a variety of financial risks which resulted from its investing and operating activities. The Company's risk management is coordinated in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The Company has no significant exposure to foreign currency risk since it has no financial assets and financial liabilities that are denominated in

foreign currency. The most significant financial risks to which the Company is exposed to are described below and in the succeeding page.

5.1 Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for its financial assets.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	<u>March 31, 2017</u>	<u>Dec. 31, 2016</u>
Cash	₱ 86,380,421	₱ 86,752,612
Advances to a stockholder	1,657,076	1,857,076
Receivable from a third party	<u>3,500,000</u>	<u>3,500,000</u>
	<u>₱ 91,537,497</u>	<u>₱ 92,109,688</u>

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of ₱0.5 million for every depositor per banking institution. The amount of cash on hand excluded from this insurance to PDIC amounted to ₱4,000 in both period.

(b) Advances to a Stockholder

The credit risk for advances to a stockholder is considered negligible, since the counterparty is a related party. No impairment loss has been recorded in relation to advances to a stockholder as management had assessed that this is fully collectible.

(c) Receivable from a Third Party

The credit risk for receivable from a third party is considered negligible since the parties are bound to one another. No impairment loss has been recorded in relation to these items as management had assessed that these are fully collectible. The advances to contractor was identified to be a financial asset only in 2015.

5.2 Liquidity Risk

The Company manages its liquidity needs by obtaining additional advances from stockholders.

As at March 31, 2017 and December 31, 2016, the Company's financial liabilities amounting to ₱ 1,450,336 and ₱1,528,120, respectively.

6. FINANCIAL INSTRUMENTS

Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of the Company's financial assets and liabilities presented in the statements of financial position are shown below.

	March 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	₱86,380,421	₱86,380,421	₱86,752,612	₱86,752,612
Advances to a stockholder	1,657,076	1,657,076	1,857,076	1,857,076
Receivable from third party	3,500,000	3,500,000	3,500,000	3,500,000
	₱91,537,497	₱91,537,497	₱92,109,688	₱92,109,688
Financial Liabilities				
Other financial liabilities:				
Accounts payable and accrued expenses (*)	₱1,450,336	₱1,450,336	₱1,528,120	₱1,528,120
	₱1,450,336	₱1,450,336	₱1,528,120	₱1,528,120

(*) *Net of taxes*

Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels.

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

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

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

There were no outstanding financial assets and liabilities measured at fair value as of March 31, 2017 and December 31, 2016.

7. OTHERS

- a. These financial reports are prepared in compliance with the quarterly reportorial requirements of the SEC.

- b. There were no material transactions affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidents.
- c. There was no subsequent material events not reflected in this interim financial statement.
- d. There were no material contingencies and any other events or transactions that are material to the understanding of the interim report.

ANNEX 'D'

SEC Registration Number

5	4	1	0	6								
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Company Name

L	O	D	E	S	T	A	R	I	N	V	E	S	T	M	E	N	T	H	O	L	D	I	N	G	S			
C	O	R	P	O	R	A	T	I	O	N																		

Principal Office (No./Street/Barangay/City/Town/Province)

7	F	P	e	a	k	s	u	n	B	u	i	l	d	i	n	g	1	5	0	5	P	r	i	n	c				
t	o	n	S	t	.	,	c	o	r	.	S	h	a	w	,	B	l	v	d	.	,								
B	r	g	y	W	a	c	k	-	W	a	c	k	,	G	r	e	e	n	h	i	l	l	s						
E	a	s	t	,	M	a	n	d	a	l	u	y	o	n	g	C	i	t	y										

Form Type

1	7	Q	2
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

www.lodestarholdings.com
--

Company's Telephone Number/s

(632) 928-9246

Mobile Number

N/A

No. of Stockholders

62

Annual Meeting

2nd Wednesday of May

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Venus L. Gregorio

Email Address

Nitsbeng.gregoriolaw@mydestiny.net

Telephone Number/s

(632) 920-9306

Mobile Number

--

Contact Person's Address

7F Peaksun Bldg., 1505 Princeton St. corner Shaw Blvd., Mandaluyong City
--

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the quarterly period ended: June 30, 2017
2. SEC Identification Number: 54106 3. BIR Tax Identification No.: 200-751-430-000
4. Exact name of issuer as specified in its charter:

LODESTAR INVESTMENT HOLDINGS CORPORATION

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **7th Floor Peaksun Bldg., 1505 Princeton St.,
Shaw Blvd., Mandaluyong City**
Address of principal office **1555**
Postal Code
8. **(632) 920-9306**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
(Par value: ₱0.10)	
Common Shares (issued)	3,000,000,000¹
Common Shares (authorized)	3,000,000,000

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

Yes [/] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Common Shares : 640,000,000

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

¹ Number of issued and outstanding shares based on the records of the Stock and Transfer Agent.

Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [/] No []

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

Yes [/] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

See attached "Annex A"

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

This Financial Statements meeting the requirements of SRC Rule 68, is furnished as specified therein.

In this interim period:

- a) There is no known trend, event or uncertainty that has or is reasonably likely to have a negative impact on the Company's short-term or long-term liquidity. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring the Company to make payments;
- b) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- c) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;
- d) There are no material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;
- e) There are no 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;
- f) There are no significant elements of income or loss that did not arise from the Company's continuing operations;
- h) No seasonal or cyclical factor that affected this quarter's interim operations.

Item 2. Management's Discussion and Analysis (MD&A) or Plan of Operations

Plan of Operation

Part III, Paragraph (A) of Annex "C" of the Securities Regulation Code under Rule 12 states that the information under subparagraph (2) thereof is required for companies that are operational and had revenues from its operations. In this light, the foregoing information only tackles Part III, Paragraph (A) (1) of Annex "C", insofar as applicable.

Business

On January 3, 1974, Lodestar Mining Corporation (now Lodestar Investment Holdings Corporation) ("LIHC" or the Company") was incorporated in the Philippines and established initially as a mining and natural resources exploration company. The Company was engaged in the development of several gold and chromite mining claims in Masbate, Cebu, Negros Occidental and Palawan.

In 1988, the Company filed an application for listing of its 30,000,000 common shares with the Philippine Stock Exchange ("PSE") formerly known as the Manila and Makati Stock Exchanges. On October 11, 1988, the SEC issued to the Company a Certificate of Permit to Offer Securities for Sale and rendered the Registration Statement to be effective. The Company was able to complete its initial public offering and the listing of the Company's shares was made effective on May 26, 1989.

In October 2003, the name and primary purpose of the Company were changed to reflect a change from a mining company to an investment holding company, among others. On September 23, 2003, the Board of Directors filed with the SEC the proposed amendments to the Company's Articles of Incorporation and By-laws. As an investment holding company, the Company will have flexibility in pursuing new business ventures that would enhance shareholder value over time.

On July 7, 2005, the Board of Directors approved the write-off of the aforementioned mining properties or claims in its financial statement as of June 30, 2005. The mining properties were reviewed as to impairment in accordance with SFAS 36/IAS 36: Impairment of Assets.

The Board of Directors, during its special meeting held on October 28, 2008, approved the private placement offering of 12,694,000 LIHC shares at the price of ₱ 2.50 per share. On 12 December 2008, the stockholders of the Company likewise approved the capital increase of the Company from ₱50,000,000.00 divided into 50,000,000 shares at ₱1.00 per share to ₱100,000,000.00 divided into 100,000,000 shares at ₱1.00 per share. In line with this application for capital increase, the Board of Directors of the Company, during its special meeting held on 13 March 2009, approved the private placement offering of 14,000,000 shares at the price of ₱1.20 per share. Said private placement funded the increase in authorized capital stock.

Per the records of the Corporation, on 24 September 2010, as a result of the approval of the reduction in the par value of the shares of the Company from One Peso (₱ 1.00) per share to Ten Centavos (₱ 0.10) per share, the Philippine Stock Exchange implemented the reduction in the par value and stock split of Lodestar shares. After the reduction in the par value of the shares from One Peso (₱ 1.00) to Ten Centavos (₱0.10) the number and price of shares have been adjusted by multiplying the number of shares by ten (number of shares x 10) and inversely, dividing the price by ten (price/10). Resulting adjustments in the amount of shares and values of consideration were accordingly reflected in the books of the Corporation, insofar as all issued and outstanding shares are concerned, including the private placement shares.

On 11 December 2015, during the Annual Stockholders' Meeting of the Company, the shareholders confirmed, ratified and re-adopted the 2009 Stockholders' approval of the increase in the authorized capital stock of LIHC. Said resolution was passed during the 17 December 2009 Annual Meeting wherein shareholders, holding at least 2/3 majority of the outstanding capital stock, voted in favor of the capital increase from one hundred million pesos (₱100,000,000.00) divided into one hundred million (100,000,000) shares at a par value of one Peso (₱1.00) per share to three hundred million Pesos (₱300,000,000.00) divided into three billion (3,000,000,000) shares at the reduced par value of Ten centavos (₱0.10) per share without stockholders' pre-emptive right.

On September 26, 2008, the Board of Directors authorized the Company to enter into a Heads of Agreement with Abacus Consolidated Resources and Holdings, Inc. ("ABACON") and Musx

Corporation ("Musx") for the joint acquisition by the Company and Musx of all the outstanding and issued shares of Abacus Coal Exploration and Development Corporation ("ABACOAL") with a sharing arrangement of fifty five percent (55%) for Musix and forty five (45%) for the Company. The Company and Musx have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment into ABACOAL were set forth.

On May 21, 2009, the Company executed an Amendment to the Agreement for Joint Investment with Musx Corporation. The amendment primarily consists in the assignment to the Company of Musx's fifty five percent (55%) interest in ABACOAL subject to the terms and conditions provided in the said agreement. As a result, the Company acquired the right to purchase one hundred percent (100%) of the shares of stock of ABACOAL which necessitated a bigger capital expenditure on the part of the Company.

On May 31, 2009, the Company executed a Memorandum of Agreement with Oriental Vision Mining Corporation ("Oriental") to undertake exploration and development activities of the coal properties of ABACOAL. Under the agreement, Oriental shall develop and operate the Coal Property and pay the Company a royalty fee of Eight Percent (8%) of gross coal price per ton based on FOB loaded to vessel.

On July 21, 2015, the Company entered into Cancellation of the Heads of Agreement, Amended Heads of Agreement and Allied Contracts with Abacus Consolidated Resources Holdings, Inc. (ABACORE) and Abacus Coal Exploration and Development Corporation (ABACOAL). The cancellation was necessitated by the fact that the Merger with ABACOAL was not approved by LIHC shareholders for lack of quorum during the Annual Shareholder's Meeting called for the three (3) years prior.

The Company thus, no longer has any contractual interest over ABACOAL as a result of the cancellation of other Heads of Agreement and its allied contracts.

On October 25, 2016, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Mr. Nathaniel C. Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares shall be issued out of the Company's current authorized capital stock of one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share. Likewise, on the same date, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Ms. Socorro P. Lim, for the subscription, via private placement, to two billion (2,000,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares shall be issued out of the increase in the Company's authorized capital stock from one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share to three hundred million pesos (₱300,000,000.00) consisting of three billion (3,000,000,000) common shares, with a par value of ten centavos (₱0.10) per share.

On December 8, 2016, the stockholders representing approximately 67.23 % of the outstanding capital stock of the Company affirmed, ratified and re-adopted the increase in the authorized capital stock of the Company which was approved by the Board of Directors on November 6, 2009 and by shareholders owning and representing more than 2/3 of the authorized capital stock on December 17, 2009. The stockholders in the same manner, approved the sales and issuance of a total of two billion two hundred sixty million (2,260,000,000) common shares, listing of said shares in the Philippine Stock Exchange ("PSE") and waiver of the requirement to conduct a rights or public offering of the shares approved by a majority vote representing the outstanding shares held by the minority present or represented in said meeting.

On June 14, 2017, the Securities and Exchange Commission approved the increase of the Company's authorized capital stock.

Business Plan:

Still in line with the primary purpose of the Company as a holdings corporation, business outlook for 2017 is geared towards looking for other business ventures. Thus, the Company may again tap into various sources to look for opportunities in the various business sectors that are viable, growing and profitable. The Company's strategy will be to invest, buy-in or acquire businesses where the Company will at least own a significant stake or interest in the investee Company's outstanding capital. The said investment amount will allow the Company to recognize its proportionate share of the equitized earnings from its investee companies.

For the next three (3) to six (6) months, the Company's cash requirements will be satisfied from the proceeds/collection of Advances from stockholders and the proceeds of private placements with investors.

Management's Discussion and Analysis for the Interim Period Ended June 30, 2017 as compared with June 30, 2016:**Revenues**

The Company did not earn any revenue during the six-month period ended June 30, 2017 as it has not undertaken commercial operations.

Expenses

Expenses went up by ₦ 1.56 million or 230% from ₦ 677.78 thousand in June 2016 to ₦ 2.24 million in June 2017. The increase was attributed mainly to professional and filling fees including documentary stamp taxes incurred in relation to increase in authorized capital stock.

Net Loss

After deducting interest income from regular savings account, the Company posted a net loss of ₦ 2.20 million for the interim period ended June 2017 which is 263% or ₦ 1.60 million higher as compared to net loss of ₦ 606.59 thousand incurred for the same period in 2016.

Financial Condition

The Company's Total Assets comprising of Current Assets amount to ₦ 242.64 million which is 1009% or ₦ 220.76 million higher than that of June 30, 2016 balance amounting to ₦ 21.87 million. Total Assets on June 30, 2017 is comprised of ₦ 235.55 million in Cash, ₦ 421.08 thousand in Advances to a stockholder and ₦ 6.67 million in Other Current Assets.

The Company's Total Liabilities were comprised of accounts payable and accrued expenses. The Total Liabilities decreased by ₦ 251.50 thousand or 17% from ₦ 1.47 million in June 2016 to ₦ 1.22 million in June 2017.

Stockholders' equity posted a 1083% or ₦ 221.01 million increase from ₦ 20.40 million in June 2016 to ₦ 241.42 million in June 2017, attributable mainly to the increase in authorized capital stock.

Material Changes to the Company's pro-forma Balance Sheet as of June 30, 2017 as compared with pro-forma Balance Sheet as of June 30, 2016 (increase/decrease of 5 % or more)

A 1806% or ₦ 223.19 million increase in Cash and cash equivalents from ₦ 12.36 million in June 2016 to ₦ 235.55 million in June 2017. The significant increase is due to the collection of advances and full payment of subscribed shares from increase in authorized capital stock. Advances to a stockholder decreased by 77%, from ₦ 1.86 million in June 2016 to ₦ 421.08 thousand in June 2017. Other current assets amounted to ₦ 6.67 million in June 2017, a decrease of ₦ 989.40 thousand or 13% compared to ₦ 7.66 million in June 2016. The decrease was mainly due to the recognition of provision for uncollectible accounts.

Total liabilities as of June 30, 2017 amounted to ₦ 1.22 million, a decrease by ₦ 251.50 thousand or 17% compared to ₦ 1.47 million of June 2016. The decrease was attributed mainly to partial settlement of accrued professional and legal fees.

Total deficit went up to ₦ 125.3 million in June 30, 2017 reflecting a 4% or ₦ 4.99 million difference from ₦120.31 million in June 2016.

Key Performance Indicators

Considering the Company's non-operational status, the key performance indicators of the Company are as follows:	June 30, 2017	June 30, 2016
Current Ratio (1)	198.89x	14.87x
Quick Ratio (2)	193.08x	8.40x
Debt-equity ratio (3)	0.005x	0.072x
Book value per share (4)	0.08x	0.02x
Net Profit Margin (5)	NA	NA

(1) Current Assets / Current Liabilities

June 2017 (₦ 242,635,507/₦ 1,219,952)
 June 2016 (₦ 21,874,490/₦ 1,471,456)

(2) Cash / Current Liabilities

June 2017 (₦ 235,547,815/₦ 1,219,952)
 June 2016 (₦ 12,361,397/₦ 1,471,456)

(3) Debt / Equity

June 2017 (₦ 1,219,952/₦ 241,415,555)
 June 2016 (₦ 1,471,456/₦ 20,403,034)

(4) Equity /Subscribed Shares

June 2017 (₦ 241,415,555/3,000,000,000)
 June 2016 (₦ 20,403,034/1,000,000,000)

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is sometimes called the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities. Current ratio is significantly higher than the same period last year due to cash brought about by the increase in authorized capital stock.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid. Since the Company does not have any marketable securities and accounts receivables, the computation of this ratio was based on cash alone. Quick ratio for the current period is higher as compared to the same period of last year.

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company. The ratio for the current period is lower as compared with that of last year due to the payment of accrued expenses and an increase in authorized capital stock.

Book value Per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities divided by the total number of shares outstanding.

Net Profit Margin Ratio related to the profits of a company to its sales, assets or equity. It indicates the rate of profit from sales and other revenues. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

Additional Financial Soundness Indicators

	June 30, 2017	June 30, 2016
Asset to equity ratio (1)	1.005x	1.072x
Interest Rate coverage ratio (2)	NA	NA
Gross Profit Margin (3)	NA	NA

(1) *Total Assets / Total Equity*

June 2017	(P 242,635,507/P 241,415,555)
June 2016	(P 21,874,490/P 20,403,034)

(2) *Income before Interest and Taxes / Interest Expense*

June 2017	N/A
June 2016	N/A

(3) *Gross Profit / Sales*

June 2017	N/A
June 2016	N/A

Asset to Equity ratio measures the financial leverage and long term solvency of the Company. It is derived by dividing the total asset from its total equity.

Interest Coverage Ratio determines how easily a company can pay interest on outstanding debt. The Company did not incur any interest on its advances.

Gross Profit Margin is derived by dividing gross profit by the sales. The Company is still in a no-operation status. The reported revenues are purely interests earned from bank deposits.

PART II – OTHER INFORMATION

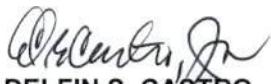
There are no contingent liabilities or contingent assets or known trend and events that may materially affect the company's operation nor are there estimates of amounts reported in prior periods that may have a material effect on the attached financial statements.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Mandaluyong City on Aug - 10, 2017.

By:


CHI-HO CO
President


DELFIN S. CASTRO, JR.
Treasurer

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION

" ANNEX A"

	Notes	Unaudited June 30, 2017	Audited Dec 31, 2016
ASSETS			
Current Assets			
Cash and cash equivalents		₽ 235,547,815	₽ 86,752,612
Advances to a stockholder	2	421,076	1,857,076
Other current assets		6,666,616	6,595,036
Total Current Assets		₽ 242,635,507	₽ 95,204,724
Non - current assets			
Property and Equipment (net)		-	-
Total Non-Current Assets		-	-
		₽ 242,635,507	₽ 95,204,724
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	3	₽ 1,219,952	₽ 1,585,233
Total Liabilities		1,219,952	1,585,233
Stockholder's Equity			
Capital Stock - P0.10 par value	4	300,000,000	100,000,000
Additional Paid-In Capital		66,714,858	66,714,858
Deposit for Future Subscription			50,000,000
Deficit		(125,299,303)	(123,095,367)
Total Stockholders' Equity		241,415,555	93,619,491
		₽ 242,635,507	₽ 95,204,724
			-

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF INCOME
(Unaudited)

	April 1 to June 30, 2017 (Three Months)	January 1 to June 30, 2017 (Six Months)	April 1 to June 30, 2016 (Three Months)	January 1 to June 30, 2016 (Six Months)
REVENUES	P	P	P	P
EXPENSES	1,809,534	2,237,811	276,630	677,784
INCOME (LOSS) BEFORE OTHER LOSSES	(1,809,534)	(2,237,811)	(276,630)	(677,784)
INTEREST INCOME	31,895	33,875	54,790	71,195
NET INCOME (LOSS)	P	(1,777,639)	P	(2,203,936)
NUMBER OF COMMON SHARES	3,000,000,000.00	3,000,000,000.00	740,000,000	740,000,000
Loss Per Share	(0.001)	(0.001)	(0.000)	(0.001)

Note: No dividends declared during the period

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Unaudited June 30, 2017	Audited Dec. 31, 2016	Unaudited June 30, 2016	Audited Dec. 31, 2015
CAPITAL STOCK - P 0.10 par value				
Beginning Balance	P 100,000,000	P 74,000,000	P 74,000,000	P 74,000,000
Additional Subscription	P 200,000,000	P 26,000,000		
Balance at end of period	P 300,000,000	P 100,000,000	P 74,000,000	P 74,000,000
ADDITIONAL PAID-IN CAPITAL				
Beginning Balance	P 66,714,858	P 66,714,858	P 66,714,858	P 66,714,858
Subscribed		-		
Balance at end of period	P 66,714,858	P 66,714,858	P 66,714,858	P 66,714,858
DEPOSIT FOR FUTURE SUBSCRIPTION		50,000,000		
DEFICIT				
Beginning Balance	P (123,095,367)	P (119,705,235.60)	P (119,705,236)	P (97,625,911)
Net Income (loss)	P (2,203,936)	P (3,390,131)	P (606,589)	P (22,079,325)
Balance at end of period	P (125,299,303)	P (123,095,367)	P (120,311,825)	P (119,705,236)
STOCKHOLDERS' EQUITY, END	P 241,415,555	P 93,619,491	P 20,403,033	P 21,009,622

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
(Unaudited)

	April 1 to June 30, 2017 (Three Months)	January 1 to June 30, 2017 (Six Months)	April 1 to June 30, 2016 (Three Months)	January 1 to June 30, 2016 (Six Months)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	₱ (1,777,639)	₱ (2,203,936)	₱ (221,840)	₱ (606,589)
Adjustment for:				
Realized FV loss on AFS				
Depreciation				218
Interest Income	₱ (31,839)	₱ (33,875)	₱ (54,790)	₱ (71,195)
Net loss before working capital changes	₱ (1,809,478)	₱ (2,237,811)	₱ (276,630)	₱ (677,566)
Adjustment to reconcile net loss to net cash provided by operating activities				
Changes in operating assets and liabilities				
Decrease (increase) in :				
Other current assets	₱ (40,145)	₱ (71,580)	₱ (32,255)	₱ (62,723)
Increase (decrease) in :				
Accounts payable and accrued expenses	₱ (235,618)	₱ (365,281)	₱ (82,633)	₱ (77,025)
Net cash provided by operating activities	₱ (2,085,241)	₱ (2,674,672)	₱ (391,518)	₱ (817,314)
Interest Received	₱ 31,839	₱ 33,875	₱ 54,790	₱ 71,195
Net cash from operating activities	₱ (2,053,402)	₱ (2,640,797)	₱ (336,728)	₱ (746,119)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net proceeds from sale and purchase of available-for-sale financial assets	-	-	-	-
Additional deposit for acquisition of 100% shares of Abacoal	-	-	-	-
Disposals (acquisitions) of property and equipment	-	-	-	-
Net cash used in investing activities	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from other parties				
Advances from stockholders	₱ 1,236,000	₱ 1,436,000	-	-
Receipts of payment of subscription to capital stocks	₱ 150,000,000	₱ 150,000,000		
Net cash provided by (used in) financing activities	₱ 151,236,000	₱ 151,436,000	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	149,182,598	148,795,203	(336,728)	(746,119)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	₱ 86,365,217	₱ 86,752,612	₱ 12,698,125	₱ 13,107,516
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱ 235,547,815	₱ 235,547,815	₱ 12,361,397	₱ 12,361,397

LODESTAR INVESTMENT HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENT

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with the Philippine Financial Reporting Standards. The company has followed the same accounting policies and methods of computation used with the most recent annual financial statement. No new accounting policy has been adopted for this interim report.

2. RELATED PARTY TRANSACTIONS

In 2012, the Company grants non-interest bearing advances to a stockholder for working capital purposes. The advances to the stockholder are unsecured and are due and demandable anytime. These advances are generally settled in cash.

As at June 30, 2017, based on management's assessment, the outstanding balance of the Company's advances to a stockholder amounting to Php 421,076 is not impaired, hence, no impairment loss is recognized.

3. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of accrued expenses which represent expenses continuously incurred for maintaining the operational and listing status with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE). This is composed of legal fees, stock transfer agent fees and withholding taxes.

4. CAPITAL STOCK

To address the Company's liquidity shortfalls and raise the needed fund for investment into Abacoal, the Company increased its authorized capital stock from Fifty Million Pesos (₱50,000,000.00) divided into Fifty Million (50,000,000) shares to One Hundred Million Pesos (₱100,000,000.00) divided into One Hundred Million (100,000,000) shares, both with a par value of One Peso (₱1.00) per share. The capital increase was approved by the Securities and Exchange Commission on 30 July 2009. To fund the capital increase, the Company entered into private placement transactions with several investors at the price of ₱1.20 per share. Full payment was made to the Company during the first quarter of 2010. Said shares were approved by the Philippine Stock Exchange for listing on July 14, 2010.

On November 6, 2009, the Company entered into another set of investment agreements with various investors wherein the investors agreed to subscribe by way of private placement to 10 million common shares of stock to be issued out of the unissued and unsubscribed portion of the authorized capital stock of the Company. The shares were subscribed at a price of ₱5.05 per share or for a total of ₱50.5 million, of which 25% or ₱12.6 million was paid at that time. The transaction was approved by the BOD on September 14, 2009. The balance of 75% of the gross investment amount was paid in March 2011. Listing application for such shares is currently pending with the PSE.

On Sept. 14, 2010, SEC approved the reduction in the par value of the shares of stock from One Peso (₱1.00) to Ten Centavos (₱0.10). The authorized capital stock of the Corporation shall be One Hundred Million Pesos (₱100,000,000.00) divided into One Billion (1,000,000,000) common shares with par value of Ten Centavos (₱0.10) per share. Also on

the same date, the SEC approved the Amended By-laws providing for the creation, powers and functions of the Nomination, Remuneration, Audit, Executive and Finance Committees of the Company.

Per the records of the Corporation, on 24 September 2010, as a result of the approval of the reduction in the par value of the shares of the Company from One Peso (₱ 1.00) per share to Ten Centavos (₱ 0.10) per share, the Philippine Stock Exchange implemented the reduction in the par value and stock split of Lodestar shares. After the reduction in the par value of the shares from One Peso (₱ 1.00) to Ten Centavos (₱ 0.10) the number and price of shares have been adjusted by multiplying the number of shares by ten (number of shares x 10) and inversely, dividing the price by ten (price/10). Resulting adjustments in the amount of shares and values of consideration were accordingly reflected in the books of the Corporation, insofar as all issued and outstanding shares are concerned, including the private placement shares.

On October 25, 2016, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Mr. Nathaniel C. Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares shall be issued out of the Company's current authorized capital stock of one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱ 0.10) per share. Likewise, on the same date, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Ms. Socorro P. Lim, for the subscription, via private placement, to two billion (2,000,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares shall be issued out of the increase in the Company's authorized capital stock from one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱ 0.10) per share to three hundred million pesos (₱300,000,000.00) consisting of three billion (3,000,000,000) common shares, with a par value of ten centavos (₱ 0.10) per share. On December 8, 2016, the stockholders representing approximately 67.23 % of the outstanding capital stock of the Company affirmed, ratified and re-adopted the increase in the authorized capital stock of the Company which was approved by the Board of Directors on November 6, 2009 and by shareholders owning and representing more than 2/3 of the authorized capital stock on December 17, 2009. The stockholders in the same manner, approved the sales and issuance of a total of two billion two hundred sixty million (2,260,000,000) common shares, listing of said shares in the Philippine Stock Exchange ("PSE") and waiver of the requirement to conduct a rights or public offering of the shares approved by a majority vote representing the outstanding shares held by the minority present or represented in said meeting.

On June 14, 2017, the Securities and Exchange Commission approved the increase in the Company's authorized capital stock.

5. RISK MANAGEMENT

The Company is exposed to a variety of financial risks which resulted from its investing and operating activities. The Company's risk management is coordinated in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The Company has no significant exposure to foreign currency risk since it has no financial assets and financial liabilities that are denominated in foreign currency. The most significant financial risks to which the Company is exposed to are described below and in the succeeding page.

5.1 Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for its financial assets.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	<u>June 30, 2017</u>	<u>Dec. 31, 2016</u>
Cash	₱ 235,547,815	₱ 86,752,612
Advances to a stockholder	421,076	1,857,076
Receivable from a third party	<u>3,500,000</u>	<u>3,500,000</u>
	<u>₱ 239,468,891</u>	<u>₱ 92,109,688</u>

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of ₱0.5 million for every depositor per banking institution. The amount of cash on hand excluded from this insurance to PDIC amounted to ₱4,000 in both period.

(b) Advances to a Stockholder

The credit risk for advances to a stockholder is considered negligible, since the counterparty is a related party. No impairment loss has been recorded in relation to advances to a stockholder as management had assessed that this is fully collectible.

(c) Receivable from a Third Party

The credit risk for receivable from a third party is considered negligible since the parties are bound to one another. No impairment loss has been recorded in relation to these items as management had assessed that these are fully collectible.

5.2 Liquidity Risk

The Company manages its liquidity needs by obtaining additional advances from stockholders.

As at June 30, 2017 and December 31, 2016, the Company's financial liabilities amounting to ₱ 1,218,950 and ₱1,528,120, respectively.

6. FINANCIAL INSTRUMENTS

Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of the Company's financial assets and liabilities presented in the statements of financial position are shown below.

	June 30,2017		December 31,2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	₱235,547,815	₱235,547,815	₱86,752,612	₱86,752,612
Advances to a stockholder	421,076	421,076	1,857,076	1,857,076
Receivable from third party	3,500,000	3,500,000	3,500,000	3,500,000
	₱239,468,891	₱239,468,891	₱92,109,688	₱92,109,688
Financial Liabilities				
Other financial liabilities:				
Accounts payable and accrued expenses (*)	₱1,218,950	₱1,218,950	₱1,528,120	₱1,528,120
	₱1,218,950	₱1,218,950	₱1,528,120	₱1,528,120

(*) Net of taxes

Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels.

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

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

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

7. OTHERS

- a. These financial reports are prepared in compliance with the quarterly reportorial requirements of the SEC.
- b. There were no material transactions affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidents.
- c. There were no subsequent material events not reflected in this interim financial statement.
- d. There were no material contingencies and any other events or transactions that are material to the understanding of the interim report.