SEC Registration Number

5 4 1 0 6

Company Name

LODESTAR INVESTMENT HOLDINGS CORPORATION

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

7F Peaksun Building 1505 Princton St., cor. Shaw, Blvd., Brgy Wack-Wack, Greenhills East, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17A	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.lodestarholdings.com	(632) 928-9246	N/A

No. of Stockholders	Annual Meeting	Fiscal Year Month/Day
60	2nd Wednesday 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
Venus L. Gregorio	Nitsbeng.gregoriolaw@mydestiny.net	(632) 920-9306	

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, 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
(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	**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 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 06 April 2018 of the voting stock held by non-affiliates of the registrant is ₱ 488,371,620. (739,957,000 x ₱0.66)

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 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 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. On June 14, 2017, the Securities and Stock Exchange approved the increase in authorized capital stock.

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 April 6, 2018 is pegged at ₱ 0.66

The high and low sales prices of each quarter covering the years 2017, 2016 and 2015 are as follows:

		High	Low
2018			
	First Quarter – April 5, 2017	₱ 0.67	₱ 0.65
2017			
	First Quarter	₱ 1.35	₱ 0.93
	Second Quarter	1.19	0.97
	Third Quarter	1.07	0.86
	Fourth Quarter	0.89	0.60
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

Source: Technistock

The number of shareholders as of 31 December 2017 is 60[1]. Common shares outstanding as of 31 December 2017 are 3,000,000,000 shares per the records of BDO Unibank, Inc.

The following table presents the Company's top 20 shareholders as at 31 December 2017:

Name of Shareholder	Class of Security	Number of Shares	Percentage to Total
Socorro P. Lim	Common	2,000,000,000	66.667%
PCD Nominee Corporation-Filipino	Common	626,383,429	20.879%
Nathaniel C. Go	Common	260,000,000	8.667%
Renato L. Reyes	Common	72,000,000	2.400%
Ramon L. Abad, Jr.	Common	28,000,000	0.933%
PCD Nominee Corporation- Non-Filipino	Common	6,107,001	0.204%
Jones R. Castro	Common	1,700,000	0.057%
Renato Lumague	Common	600,000	0.020%
William T. Enrile &/or William R. Enrile II &/or Nelly R. Enrile	Common	500,000	0.017%

[2] Per the records of BDO Unibank, Inc.

Joel S. Diaz	Common	500,000	0.017%
Joaquin Corpus	Common	500,000	0.017%
Ross W. Garling	Common	400,000	0.013%
John T. Mesina	Common	300,000	0.010%
Jovenal Gonzalez	Common	300,000	0.010%
Jose De Peralta	Common	300,000	0.010%
Cesar Hablero	Common	160,000	0.005%
William Stone	Common	100,010	0.003%
Reuben Alderson	Common	100,000	0.003%
Jerry Angping	Common	100,000	0.003%
Aroroy Municipal Council Educational Fund	Common	100,000	0.003%

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 2018 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) which was approved by the SEC on June 14, 2017. 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 2017	Year 2016	Year 2015
Revenues	1,066,520	154,114	50,809
Cost and Expenses	3,763,403	2,435,685	2,130,134
Other Losses	-	1,108,560	20,000,000
Net Income (Loss)	(2,696,883)	(3,390,131)	(22,079,325)
Current Assets	241,970,826	95,204,724	22,557,884
Current Liabilities	1,048,218	1,585,233	1,548,480
Total Assets	241,970,826	95,204,724	22,558,102
Total Liabilities	1,048,218	1,585,233	1,548,480
Stockholders' Equity	240,922,608	93,619,491	21,009,622
Current Ratio	230.84	60.06	14.57
Current Assets / Current Liabilities	241,970,826 / 1,048,218	95,204,724 /1,585,233	22,557,884 /1,548,480
Debt to Equity Ratio	0.004	0.017	0.074
Total Liabilities/Stockholders' Equity	1,048,218 /240,922,608	1,585,233 /93,619,491	1,548,480 /21,009,622
Return on assets	NA	NA	NA
Net Income / Total Assets			
Earnings (Loss) Per Share	(0.001)	(0.003)	(0.030)
Net Income (Loss) /No. of shares outstanding	(2,696,883)/ 3,000 B	(3,390,131)/ 1,000 B	(22,079,325)/ 740 M

Full Fiscal Years

Calendar Year 2017

On June 14, 2017, the Securities and Exchange Commission approved the increase of capital stock via private placements from One Billion (1,000,000,000) common shares with a par value of Ten Centavos (₽ 0.10) per share to Three Billion (3,000,000,000) common shares with a par value of Ten Centavos (₽ 0.10).

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 172.3 % or ₽ 149.43 million increase in cash from ₽ 86.75 million in Dec. 31, 2016 to ₽ 236.18 million in Dec. 31, 2017.

There was a 39.2% or ₽ 727.82 thousand net increase in related party transactions

There was a 51.4% or ₽3.39 million decrease in other current assets due to collection of receivables from a third party.

There was a 33.9% or ₽ 537.01 thousand net decrease in liabilities due to partial settlement of payables.

There was a 100% increase in capital stock due to full payment of private placements made in 2016. An increase of 2.2% or ₱ 2.70 million in deficits is mainly due to the net loss incurred during the year.

For 2017, interest income of ₱1.07 million was 592.00% or ₱912.41 thousand higher as compared to 2016 interest income of only ₱ 154.11 thousand due to substantial increase in cash brought about by full payment of private placements.

Cost and expenses of ₱ 3.76 million was 54.51% or ₱1.33 million higher compared to 2016 operating expenses of ₱ 2.44 million. The increase is mainly attributable to cost of documentary stamp tax and filing fees paid relative to the increase in authorized capital stock.

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.

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

For 2017, Mangay-ayam, Lim & Co. (MLCPA) are the new external auditors to review the financial statements. Punongbayan and Araullo, has been the Company's independent auditor from 2009 to 2016. Fees paid by the Company covering year 2017 amounted to ₱280,000.00, ₱296,800.00 and ₱ 268,800.00 for 2016 and 2015, 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. Also in the same year, MLCPA was appointed to process the increase in authorized capital stock of the company for a fee of ₱ 300,000.00

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 MLCPA 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, MLCPA has presented 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 has a new External Auditors for calendar year 2017. Also, 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 2017 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. 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 2017.

Name	Age	Nationality	Present Position	Date Elected and / or Appointed
Antonio V.F. Gregorio III	45	Filipino	Director and Chairman	May 15, 2009 as Director and Dec. 13, 2012 as Chairman
Chi Ho Co	45	Filipino	Director and President	Sept. 22, 2008 as Director and Dec. 13, 2012 as President
Richard N. Palou	69	Filipino	Director	December 18, 2017
Delfin S. Castro, Jr.	52	Filipino	Director, CFO and Treasurer	December 11, 2015
Ramoncito B. Cabalu	60	Filipino	Director	December 11, 2015
Manuel Ong	59	Filipino	Independent Director	December 11, 2015
Felixes Latonero	44	Filipino	Independent Director	December 18, 2017
Venus L. Gregorio	49	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, 45, 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 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), 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 Chairman and President of Asiabest Group International, Inc. (2011 to May 2017) and Corporate Secretary/Director (2008 to 2011). He was also 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, 45, Filipino/ Director and President/ Member, Audit Committee/ Member, Nomination Committee/ Member, Executive Committee.

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 May 2017)

RICHARD WILLIAM N. PALOU, 69, Filipino/ Director/ Member, Governance Committee and Compensation Committee

Mr. Palou 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), First Philippine Wind Corporation (1997 to present). He was formerly a Director of Asiabest Group International, Inc. (2008 to May 2017) and a Director for the University Athletics at the Ateneo de Manila University (2004 to 2017).

DELFIN S. CASTRO, JR., 52, Filipino/ Director/Treasurer/Assistant Corporate Information Officer/ Member, Compensations Committee

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), 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. Her was formerly a Director/Treasurer of Asiabest Group International, Inc. (2010 – May 2017)

RAMONCITO CABALU, 60, 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, 59, Filipino/ Independent Director/ Chairman, Governance Committee, Compensations Committee and Audit Committee/ Member, Executive Committee & Nominations Committee

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.

FELIXES LATONERO, 44, Filipino/ Independent Director/Member, Governance Committee

Mr. Latonero is a returning Independent Director after his resignation in 2016. He is likewise currently an Independent Director of Nihao Mineral Resources International, Inc. (2014-present) and Asiabest Group International, Inc. (2015-present). He is also the President of Nontrad Advertising and FGL Modular Cabinet System, Inc. (2003-present). He graduated in 1995 with a degree in Fine Arts from the EARIST.

VENUS L. GREGORIO, 49, 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 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). She was formerly the Corporate Secretary and Corporate Information Officer of Asiabest Group International Inc. (2011 to 2017).

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
	2018 (est)	0
Antonio V.F. Gregorio III, Chairman (1)		
Chi Ho Co, President (1)		sum of the aggregate
Delfin S. Castro, Jr., Treasurer/ CFO (1)		of
No other officers receiving compensation as a group		the named executives
	2017	0
Antonio V.F. Gregorio III, Chairman (1)		
Chi Ho Co, President (1)		sum of the aggregate
Delfin S. Castro, Jr.,Treasurer/ CFO (1)		of
No other officers receiving compensation as a group		the named executives
	2016	0
Antonio V.F. Gregorio III, Chairman (1)		sum of the aggregate
Chi Ho Co , President (1)		annual cash compensation
Delfin S. Castro, Jr.,Treasurer/ CFO (1)		compensation of the
No other officers receiving compensation as a group		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 2017.

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	***Socorro P. Lim***		***Filipino***	***2,000,000,000***	***66.67%***
Common	***PCD Nominee Corporation***	AP Securities, Inc. – 200,937,000 (6.70%)	***Filipino***	***626,383,429***	***20.88%***
Common	***Nathaniel C. Go***		***Filipino***	***260,000,000***	***8.67%***

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, 2017:

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%

Title of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect	Citizenship	Percent of Class
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	Richard N. Palou Director	10,000 (Direct)	Filipino	0.00%
Common	Manuel Go Ong Independent Director	1,000 (Direct)	Filipino	0.00%
Common	Felixes G. Latonero 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	43,000		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 ₱2,854,892 and ₱1,857,076 of December 31, 2017 and 2016 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 2017 amount to ₱840 thousand.

PART IV – CORPORATE GOVERNANCE

As indicated in SEC Memorandum Circular No. 15 dated 15 December 2017, the 2017 Annual Corporate Governance Report will be submitted in a separate report on or before 30 May 2018.

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***
Jan. 12, 2017	Change in Number of Issued and Outstanding Shares From 740,000,000 common shares to 1,000,000,000 common shares
March 24, 2017	The following matters were taken up during the board meeting : (1) Board approval of the Annual Audited Financial Statements and Annual Report for the year ended 31 December 2015. (2) Postponement of the Annual Stockholders' meeting scheduled to be held on 2nd Thursday of May to a specific date and time to be determined by the President and/or Chairman.
May 29, 2017	The following matters were taken up during the board meeting : (1) Approval of the Annual Corporate Governance Report for 2016 and appointment of the authorized signatories thereto. (2) Approval of the 2017 Code of Corporate Governance.
June 15, 2017	Amendment of Articles of Incorporation of the Company changing its place of business from Metro Manila, Philippines to 7th Floor Peaksun Bldg., Princeton St., Brgy. Greenhills East Wack Wack, Mandaluyong City.
June 15, 2017	Change in Number of Issued and Outstanding Shares from 1 Billion common shares to 3B common shares

June 15, 2017	Increase in Authorized Capital Stock from 1 Billion common shares to 3B common shares
October 30, 2017	Notice of annual stockholders' meeting
December 18, 2017	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 City on April 05, 2018.

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

13 APR 2018

SUBSCRIBED AND SWORN to before me this ____ day of ________ 2018 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

ATTY. JUAN JAIME D. NOLASCO
NOTARY PUBLIC UNTIL DEC. 31, 2019
Notary Public
IBP NO. 022293 - 1/3/18 RSM
PTR NO. 3387649 - 1/3/18 - MAND. CITY
ROLL NO. 60888 / MCLE NO. V-0017168 / 3/21/16
UNIT 3F CSV BLDG. MAYSILO CIRCLE
BRGY. PLAINVIEW MAND. CITY

Doc. No. : 61
Page No. : 13
Book No. : 4
Series of 2018.

LODESTAR INVESTMENT HOLDINGS CORP.

FINANCIAL STATEMENTS AND AUDITORS' REPORT
For the Year Ended December 31, 2017
(With Comparative Figures for 2016)

MANGAY-AYAM, LIM AND CO.,
Certified Public Accountants

LODESTAR INVESTMENT HOLDINGS CORPORATION
7th Floor Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd.,
Brgy. Wack Wack Greenhills East, Mandaluyong City

STATEMENT 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, 2017 and 2016, 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 Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Mangay-ayam, Lim and Co., CPA's, and Punongbayan & Araullo, the independent auditors appointed by the stockholders, have audited the financial statements of the Company in December 31, 2017 and 2016, respectively, in accordance with the 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 F. GREGORIO III Chairman of the Board	**CHI HO CO** President	**DELFIN S. CASTRO, JR.** Treasurer

Signed this____ day of 1 7 APR 2018

SUBSCRIBED AND SWORN to before me this 1 2 day of APR 2018 ____ 2018 at Mandaluyong City.

NAME	TIN
Antonio Victoriano 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

Doc No.: 24
Page No.: 5
Book No.: 4
Series of 2018

ATTY. JUAN JAIME D. NOLASCO
NOTARY PUBLIC UNTIL DEC. 31, 2019

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
LODESTAR INVESTMENT HOLDINGS CORPORATION
7th Floor, Peaksun Building
1505 Princeton St. corner Shaw Boulevard
Brgy. Wack-WackGreenhills 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, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, 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, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Matter

The financial statements of **LODESTAR INVESTMENT HOLDINGS CORPORATION** as of and for the year ended December 31, 2016 which are presented for comparative purposes were audited by another auditor whose report thereon expressed an unmodified opinion on those statements on March 24, 2017.

BUREAU OF INTERNAL REVENUE
RR7, Q.C. - RDO 41 MANDALUYONG CITY
RECEIVED
13 APR 2018

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 PFRSs, 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.

Auditor's 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 auditor's 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 PSAs, we exercise professional judgment and maintain professional skepticism 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, misinterpretations, 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 auditor's 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 auditor's 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 relationship 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 those matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extreme 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 Bureau of Internal Revenue Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in the notes to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our 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 whole.

The engagement partner on the audit resulting in this independent auditor's report is Rodrigo M. Mangay-ayam.

MANGAY-AYAM, LIM & CO. CPAS
TIN 228-756-505
Board of Accountancy Cert. No. 0672, valid until December 31, 2018
SEC Accreditation No. 0302-F, (Group A), valid until April 30, 2018
CDA-CEA: 0020-AF, valid until March 20, 2020
BIR AN: 08-001698-000-2018, valid until February 12, 2021

By:

RODRIGO M. MANGAY-AYAM
Partner
CPA Certificate No. 21565
BOA Certificate No. 00672, valid until December 31, 2018
SEC Accreditation No. 1455-A, (Group A), valid until April 30, 2018
BIR AN: 08-001698-1-2018, valid until February 12, 2021
TIN No. 123-447-203
PTR No. 6629138MD, January 11, 2018, Makati City

13 APR 2018
NOEL C. YASONA
COLLECTION SECTION

April 05, 2018

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2017
With Comparative Figures for 2016
(In Philippine Peso)

	Notes	2017	2016
ASSETS			
Current Assets			
Cash	2,4	236,181,874	86,752,612
Due from related parties	2,7	2,584,892	1,857,076
Other current assets	2,5	3,204,060	6,595,036
TOTAL ASSETS		241,970,826	95,204,724
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	2,6	1,048,218	1,585,233
STOCKHOLDERS' EQUITY			
Capital Stock at P0.10 par value	8	300,000,000	100,000,000
Additional paid-in capital	8	66,714,858	66,714,858
Deposit for future stock subscription	8	-	50,000,000
Deficit	1	(125,792,250)	(123,095,367)
Net Stockholders' Equity		240,922,608	93,619,491
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		241,970,826	95,204,724

See accompanying notes to financial statements

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Year ended December 31, 2017
With Comparative Figures for 2016 and 2015
(In Philippine Peso)

	Notes	2017	2016	2015
REVENUE		**-**	-	-
OPERATING EXPENSES				
Taxes and licenses	**10**	**1,015,444**	144,724	15,174
Legal fees	**7**	**840,000**	820,000	1,118,889
Professional fees		**733,540**	785,100	376,800
Listing and filing fees		**422,585**	-	
Membership dues		**258,000**	253,000	250,000
Directors' fees		**138,889**	205,556	133,333
Printing and office supplies		**70,175**	46,023	78,590
Representation and entertainment		**42,806**	26,280	14,800
Depreciation		**-**	218	3,452
Transportation and travel		**-**	2,090	1,800
Impairment loss		**-**	1,108,560	-
Loss on cancelled agreement			-	20,000,000
Miscellaneous		**28,657**	121,871	127,683
Total Operating Expenses		**3,550,096**	3,513,422	22,120,521
NET LOSS FROM OPERATIONS		**(3,550,096)**	(3,513,422)	(22,120,521)
Add: Other income				
Interest income	**2,4**	**1,066,520**	154,114	50,809
NET LOSS BEFORE TAX		**(2,483,576)**	(3,359,308)	(22,069,712)
Less: Tax expense	**10**	**213,307**	30,823	9,613
LOSS FOR THE YEAR		**(2,696,883)**	(3,390,131)	(22,079,325)

See accompanying notes to financial statements

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Year ended December 31, 2017
With Comparative Figures for 2016 and 2015
(In Philippine Peso)

	Note	Capital Stock*	Additional Paid-in Capital	Deposit for Future Subscription	Deficit	Total
Balance - December 31, 2014		74,000,000	66,714,858	50,000,000	(119,705,236)	**71,009,622**
Loss for the year 2015					(22,079,325)	**(22,079,325)**
Balance - December 31, 2015		74,000,000	66,714,858	50,000,000	(119,705,236)	**71,009,622**
Additional Subscription		26,000,000				**26,000,000**
Loss for the year 2016					(3,390,131)	**(3,390,131)**
Balance - December 31, 2016	8	100,000,000	66,714,858	50,000,000	(123,095,367)	**93,619,491**
Additional Subscription	8	200,000,000	-	(50,000,000)	-	**150,000,000**
Loss for the year 2017					(2,696,883)	**(2,696,883)**
Balance - December 31, 2017	**8**	**300,000,000**	**66,714,858**	**-**	**(125,792,250)**	**240,922,608**

See Accompanying Notes to Financial Statements.

* *Authorized - 3,000,000,000 shares (2016:1,000,000,000 shares) at P0.10 par value*
Subscribed - 3,000,000,000 shares (2016: 1,000,000,000 shares)
Paid up - P300,000,000 (2016:P100,000,000)

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
For the Year ended December 31, 2017
With Comparative Figures for 2016 and 2015
(In Philippine Peso)

	Notes	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		**(2,483,576)**	(3,359,308)	(22,069,712)
Adjustments for:				
Interest income	2,4	**(1,066,520)**	(154,114)	(47,760)
Derecognition of liability	11	-	-	(3,049)
Loss on agreement	15	-		20,000,000
Depreciation		-	218	3,452
Operating loss before working capital changes		**(3,550,096)**	(3,513,204)	(2,117,069)
Changes in operating assets and liabilities:				
Decrease (Increase) in assets:				
Other current assets	2,5	**3,390,976**	998,256	(62,627)
Increase (Decrease) in liabilities:				
Accounts payable and other liabilities	2,6	**(537,015)**	36,753	765,250
Cash used in operations		**(696,135)**	(2,478,195)	(1,414,446)
Cash paid for final taxes	2,4	**(213,307)**	(30,823)	(9,552)
Net Cash Used in Operating Activities		**(909,442)**	(2,509,018)	(1,423,998)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	2,4	**1,066,520**	154,114	47,760
Return of deposit for future stock investment	2,4	-	-	13,500,000
Net Cash Used in Investing Activities		**1,066,520**	154,114	13,547,760
CASH FLOWS FROM FINANCING ACTIVITIES				
Deposit for future subscription	8	-	50,000,000	-
Proceeds from issuance of shares	8	**150,000,000**	26,000,000	-
Due to/from related parties	2,7	**(727,816)**	-	600,000
Net Cash Provided by Financing Activities		**149,272,184**	76,000,000	600,000
NET INCREASE IN CASH		**149,429,262**	73,645,096	12,723,762
CASH - BEGINNING OF YEAR	2,4	**86,752,612**	13,107,516	383,754
CASH - END OF YEAR	2,4	**236,181,874**	86,752,612	13,107,516

See accompanying notes to financial statements

Note 1- Corporate Information

LODESTAR INVESTMENT HOLDINGS CORPORATION ("The Company") was organized under the laws of the Republic of the Philippines 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.

The principal place of office is located at 7th Floor Peaksun Bldg. 1505 Princeton St., corner Shaw Blvd. Brgy. Wack-Wack Greenhills East, Mandaluyong City.

Status of Operations

As indicated above, the Company has no commercial operations; hence, it continues to incur losses. It incurred net losses of P2,696,883 in 2017, P3,390,131 in 2016 and P22,079,325 in 2015, which further increased its deficit from P123,095,367 as at December 31, 2016 to P125,792,250 as at December 31, 2017. 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, during the annual stockholders' meeting on December 08, 2016 the stockholders confirmed, ratified and re-adopted the 2009 stockholders' approval of the increase in the authorized capital stock of the Company from P 100 million to P 300 million divided into 3 billion shares at the reduced par value of P 0.10 per share without the stockholders' pre-emptive rights. These were approved by the SEC on June 14, 2017. The increase of P 200 million was fully subscribed and fully paid as at December 31, 2017.

Approval of Financial Statements

The financial statements of the Company for the years ended December 31, 2017 (including the comparative financial statements as at December 31, 2016 and 2015) was authorized for issue by the Board of Directors on April 5, 2018

Note 2 - Summary of Significant Accounting and Reporting Policies

The following significant accounting policies and practices are set forth to facilitate the understanding of data presented in the financial statements.

Statement of Compliance

The company's financial statements, which are prepared for submission to the Securities and Exchange Commission and the Bureau of Internal Revenue, have been prepared in compliance 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.

Basis of Preparation of Financial Statements

These financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimated the fair value of an asset or liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, fair value measurements are categorized into

Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities that the 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 or indirectly; and

Level 3: Inputs that are unobservable inputs for the asset or liability.

Functional and Presentation Currency

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

Use of Estimates and Judgments

The preparation of the financial statements in conformity of PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are discussed in Note 3 to the financial statements.

Changes in accounting policies and disclosures

Principal accounting policies applied by the Company in preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

Amendments to PFRS that are mandatorily effective for the current year

The Company has applied following amendments and improvements to existing standards which became mandatorily effective beginning January 1, 2017. Unless otherwise indicated, the adoption of the amended standards and interpretations does not have a significant impact on the Company's financial statements.

- Amendments to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements* to *PFRSs* 2014-2016 Cycle)

  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to PAS 7, *Statement of Cash Flows – Disclosure Initiative*

  The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods.

- Amendments to PAS 12, *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses*

  The amendments clarify that an entity need to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of the equity, as appropriate), without allocating the change between opening retained earnings and other components of the equity. Entities applying this relief must disclose that fact.

Standards Not Yet Effective

Pronouncement issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect the future adoption of the said pronouncements to have significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

- Amendments to PFRS 4, *Insurance Contracts – Applying PFRS 9, Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied to PFRS 9.

- PFRS 15, *Revenue from Contract with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities. The adoption will also have an effect on the Company's application of hedge accounting and on the amount of its credit losses.

  The Company is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of Annual Improvements to PFRSs 2014-2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first become a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property – Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22 , *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- PFRS 16 , *Leases*

  Under the new standard, lessees will no longer classify their leases as either operating or finance lease in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the asset and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28 , *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interest in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joints ventures.

Financial Assets

Financial assets include cash and other financial instruments. Financial assets within the scope of PAS 39 are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at FVPL, directly attributable transaction costs.

The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular purchases and sales of financial assets are recognized on the trade date, which is the date that the Company commits to purchase the asset. Regular purchase or sales are purchases or sales of financial assets that requires delivery of assets within the period generally established by regulation or convention in the marketplace.

For the years ended December 31, 2017 and 2016, the Company has no financial assets classified as financial assets at FVPL, HTM and AFS financial assets.

As of December 31, 2017 and 2016, the Company's cash and receivables are classified under this category.

Cash
Cash includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Receivables
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date of which are classified as non-current assets.

Initially, accounts receivable are recognized at cost, which is usually its transaction price or its original exchange price, plus transaction costs directly attributable to its acquisition. Subsequently measured at amortized cost less provision for impairment (if any). A provision for impairment of accounts receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Financial Liabilities
Financial liabilities within the scope of PAS 39 are classified as either financial liabilities at FVPL and other financial liabilities. The Company has no financial liabilities at FVPL as of December 31, 2017 and 2016.

Other financial liabilities pertain to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or noninterest-bearing loans and borrowings.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes accounts payable and other liabilities, and advances from related parties as of December 31, 2017 and 2016.

Derecognition of Financial Assets and Liabilities
Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

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

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

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

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

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

Impairments of Non-Financial Assets
An assessment is made at each balance sheet date of whether there is any indication of impairment of an asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the assets recoverable amount is calculated as the higher of the assets value in use or net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period in which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is credited to current operations.

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.

Employee Benefits/Retirement Benefit Costs
The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

(a) Pension obligations
A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in the retained earnings in the statements of changes in equity and in the balance sheet.

Past-service costs are recognized immediately in income.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Other post-employment obligations
Some companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.
(d) Profit-sharing and bonus plans
The Company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

For the year ended the company did not recognize any retirement expense because it is still initial years of operation.

Revenue and Costs Recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax.

The Company recognizes revenue when: the amount of the revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for the Company's activities, as described below:

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

Costs and expenses are charged to operations when incurred.

Related party transactions and relationship
Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties.

An entity is related to the Company if any of the following conditions apply:

- The entity and the Company are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the Company of an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner, children of that person's spouse or domestic partner, and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Company when it directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Company. Transactions between related parties are accounted for at arm's-length prices or on terms similarly offered to non-related entities in an economically comparable market.

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

Additional paid-in capital represents any premium 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 recognized 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.

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.

Current and Deferred Income Tax
Tax expense is composed of current and deferred, and is recognized in the profit and loss, except when the change attributable to the item of income or expense is recognized in other comprehensive income, then such tax effect is also recognized in other comprehensive income.

Current income tax is calculated based on the tax rates and Philippine tax laws (National Internal Revenue Code).

Deferred income tax is provided using the balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Provisions
Provisions for restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

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

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

Note 3 - Significant Accounting Judgments and Estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

The preparation of financial statements in accordance with PFRS requires Management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities. The Management believes estimate and assumption made during the year has no significant risk of causing materiality restatement to the carrying amount of assets and liability within the next financial year.

Critical Management Judgment in Applying Accounting Policies
In the process of applying the Company's accounting policies, management has made the judgment, apart from those involving estimation. Among those judgments, recognition of provisions and contingencies has the most significant effect on the amounts recognized in the company's 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 and disclosures on relevant provisions and contingencies are presented in Note 12.

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' 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, 2017 and 2016 (Note 5). Advances to contractor were identified to be impaired as of December 31, 2017 (Note 5)

(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, 2017 and 2016, 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 (Note 11).

Note 4 – Cash

This account consists of:

	2017	2016
Petty cash fund	**4,000**	4,000
Cash in bank	**236,177,874**	86,748,612
	236,181,874	86,752,612

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 P1,066,520 and P154,114 in 2017 and 2016, respectively.

Note 5 – Other Current Assets

This account consists of:

	2017	2016
Input tax (Note 10)	**3,122,374**	3,046,950
Advances to contractor	**1,108,560**	1,108,560
Deferred input tax	**33,600**	-
Receivable from a third party	-	3,500,000
Others	**48,086**	48,086
Total	**4,312,620**	7,703,596
Allowance for impairment loss	**(1,108,560)**	(1,108,560)
	3,204,060	6,595,036

The Company's other current assets, especially receivables included in this account, have been reviewed for indicators of impairment. Advances to contractor were determined to be impaired; hence, full amount of allowance for impairment has been recognized. Impairment loss recognized on advances to contractor amounted to nil and P1,108,560 in 2017 and 2016, respectively. The significant portion of the advances is in relation to a survey of a prospect coal project in 2012.

Input tax represents VAT imposed by the Company's suppliers for the acquisition of goods and services as required by the Philippine taxation laws and regulations. Input tax will be used to offset against the Company's output tax liability.

Deferred input tax represents input tax on professional fee accrued and to be realized within twelve (12) months from end of reporting period.

The receivable from third party was collected in 2017.

Note 6 – Accounts payable and Other Liabilities

This account consists of the following:

	2017	2016
Accrued expenses	**984,550**	1,528,120
Others	**63,668**	57,113
	1,048,218	1,585,233

Accrued expenses mainly comprise of legal and professional fees.

Note 7 – Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence.

Significant transactions are as follows:

a. *Advances to(from) a Stockholder*

In 2017 and 2016, the Company granted/obtained noninterest-bearing advances to (from) a stockholder. The advances to (from) 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 (from) a stockholder, shown as due from (to) related parties in the statements of financial position as at December 31, are as follows:

	2017	2016
Balance at beginning of year	**1,857,076**	1,857,076
Collections during the year	**(2,772,184)**	-
Advances granted during the year	**3,500,000**	-
Balance at end of year	**2,584,892**	1,857,076

Based on management's assessment, the outstanding balance of the Company's advances to (from) a stockholder is not impaired as at December 31, 2017 and 2016; hence, no impairment loss is recognized during those years.

b. Legal Services

Expenses for Legal services rendered to the Company by certain officers of the Company amounted to P840,000 and P820,000 in 2017 and 2016, respectively, and is presented as Legal Fees in the statements of comprehensive income. Total outstanding balances related to these transactions amount to P504,000 and P1,052,000 as at December 31, 2017 and 2016 and are presented as part of Accrued expenses under the Accounts payable and Other Liabilities account in the statements of financial position.

c. Key Management Personnel Compensation

The key management personnel of the Company is also considered to be related parties. The management has not yet provided employment benefit plans for the key management personnel as the Company maintains no full-time managers. It outsources the accounting and administrative requirements. The Board of Directors and its members occupy executive positions and work without need for monthly compensation.

Note 8 - Equity

Capital Stock

The Company has authorized capital stock of P300 million divided into 3 billion shares at P0.10 par value per share. Issued and outstanding shares as at December 31, 2017 and 2016 consisted of 3 billion shares equivalent to P300 million and 1 billion shares equivalent the P100 million, respectively, as follows:

	2017	2016
Authorized - 3,000,000,000 shares/1,000,000,000 shares at P0.10 par value	**300,000,000**	100,000,000
Subscribed - 3,000,000,000 shares/1,000,000,000 shares at P0.10 par value	**300,000,000**	100,000,000
Paid up	**300,000,000**	100,000,000

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

a. Subscription to 260 million unissued shares by a new stockholder at the subscription price of P0.10 per share or P26 million. The subscribed shares were issued out of the Company's remaining authorized capital stock on November 10, 2016, the date of subscription.

b. Subscription to the 2 billion proposed increase in authorized capital stock at the subscription price of P0.10 per share or P200 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 from P100 million divided into 100 million shares at a par value of P1 per share to P300 million divided into 3 billion shares at the reduced par value of P0.10 per share without the stockholders' pre-emptive right. The net increase of P200 million has been fully subscribed in 2016 and a P 50 million payment was received. This was treated in the 2016 financial statements as deposit for future stock subscription pending approval by the SEC of the increase in authorized capital. These were approved by the SEC on June 14, 2017, after which the balance of the subscription was paid in full.

Note 9 – Loss per Share

Loss per share is computed as follows:

	2017	2016	2015
Net loss	**2,696,883**	3,390,131	22,079,325
Weighted average number of outstanding common shares	**2,500,000,000**	1,000,000,000	740,000,000
Loss per share	**0.001**	0.003	0.030

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

Note 10 – Income and Other Taxes

The tax components of tax expense reported in statements of comprehensive income are as follows:

	2017	2016	2015
Final tax at 20%	**213,307**	30,823	9,552
MCIT at 2%	-	-	61
	213,307	30,823	9,613

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

	2017	2016	2015
Tax on pretax loss at 30%	**(745,073)**	(1,007,792)	(6,620,914)
Adjustment for income subjected to lower rate	**(106,649)**	(15,412)	(4,776)
Unrecognized deferred taxes	**1,050,387**	968,618	6,590,863
Non-deductible expenses	**14,642**	85,409	44,440
Tax expense	**213,307**	30,823	9,613

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. The MCIT recognized in 2015 amounted to P61 is valid until 2018 as a deduction from its tax due, if any.

The Company has incurred net operating loss carryover (NOLCO) in 2017 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.

Year incurred	Original Amount	Expired balance	Remaining balance	Valid Until
2017	3,501,290	-	3,501,290	2020
2016	2,120,165	-	2,120,165	2019
2015	21,969,339	-	21,969,339	2018
2014	1,814,509	1,814,509	-	2017
	29,405,303	1,814,509	27,590,794	

The Company did not recognize any deferred tax asset on its MCIT, NOLCO and allowance for impairment of receivables as at December 31, 2017 and 2016 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 unrecognized deferred tax assets related to NOLCO as at December 31, 2017 and 2016 amounted to P8,277,238 and P7,771,204, respectively.

In 2017 and 2016, the Company opted to continue claiming itemized deductions for income tax purposes.

Supplementary Information Required by the Bureau of Internal Revenue

Pursuant to Revenue Regulations No. 15-2010 dated November 25, 2010, amending certain provisions of RR No. 21-2002, in addition to the disclosures mandated under the PFRS, the taxes, duties and license fees paid during the year are the following:

a. Output VAT
The Company had no revenue earned that is subject to output VAT.

b. Input VAT
The movement in input VAT is summarized below.

Balance at beginning of the year	3,046,950
Expenses lodged under operating expenses	75,424
Balance at end of year	3,122,374

The balance of input VAT is presented as Input VAT under the Other Current Assets account in the 2017 statement of financial position (Note 5).

i. The Company had paid documentary stamp amounting to P1 million in 2017.

ii. The taxes and licenses paid for the year ended December 31, 2017 are broken down as follows:

Documentary stamp tax	1,000,000
Business permit	11,866
Barangay clearance	1,165
BIR registration	1,000
Fire inspection fee	913
Community Tax Certificate	500
Total	1,015,444

iii. The amount of withholding taxes paid/accrued for the year amounted to:

a) Tax on compensation and benefits – nil
b) Expanded withholding taxes – P110,789

Requirement under RR19-2011

On December 9, 2011, the BIR issued RR 19-2011 which prescribes the new form that will be used for income tax filing covering and starting with periods ending December 31, 2011 and onwards. This recent RR requires schedules of taxable revenues and other non-operating income, costs of sales and services, and itemized deductions, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2017 statement of comprehensive income.

i. Revenues

The Company has no taxable revenue in 2017.

ii. Cost of Services

The Company has no deductible cost of services in 2017.

iii. Taxable Non-Operating and Other income

The Company has no taxable non-operating and other income subject to regular rate for the year ended December 31, 2017.

iv. Itemized Deductions

The amounts of itemized deductions for the period ended December 31, 2017 are as follows:

Taxes and licenses	1,015,444
Legal fees	840,000
Professional fees	733,540
Listing and filing fees	422,585
Membership dues	258,000
Directors' fees	138,889
Printing and office supplies	70,175
Miscellaneous	22,657
Total	3,501,290

Note 11 – Agreement for Joint Investment

Purchase of ABACOAL Shares
As discussed in Note 6, 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 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 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 million and P10 million payments are recorded as part of Deposit for Future Stock Investment at the beginning of 2015.The Company also made an additional deposit of P5 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.

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, totaling P75 million, payable as follows:

1) P30 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 for the Coal Property:

    a. P20 million upon consummation of said first sale of coal products; and
    b. P25 million payable thirty days from consummation of said first sale of coal products.

On July 21, 2015, the Company agreed with ACRHI and ABACOAL to cancel the Agreement. As agreed between the parties, ACRHI shall pay the Company only P 17 million out of the P 37 million deposits that the Company so far made. The difference of P 20 million was recognized as loss on cancelled agreement in 2015.

Note 12 – 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, 2017 and 2016, management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

Note 13 – Financial 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 cooperative 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 risk to which the Company is exposed to are described below and in the succeeding page.

Credit Risk

Credit risk is the risk that 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

	2017	2016	2015
Cash	**236,181,874**	86,752,612	13,107,516
Advances to a stockholder	**2,584,892**	1,857,076	1,857,076
Receivable from a third party	-	3,500,000	3,500,000
Advances to contractor - net			1,108,560
	238,766,766	92,109,688	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, 2017 and 2016.

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
This account pertains to the deposits made by the Company to Abacus Consolidated Resources Holdings, Inc. (ACRHI) for full acquisition of Abacus Coal Exploration and Development Corporation (ABACOAL), pursuant to the Agreement for Joint Investment executed by the Company and MUSX Corporation. No impairment loss on receivable from a third party as management had assessed that these are fully collectible.

Liquidity Risk

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

As at December 31, 2017 and 2016, the Company's financial liabilities amounting to P984,550 and P1,528,120, respectively, have contractual maturities of less than 12 months.

Note 14 - Categories and Fair Values of Financial Assets and Financial Liabilities

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.

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Loans and receivables				
Cash	236,181,874	236,181,874	86,752,612	86,752,612
Advances to a stockholder	2,584,892	2,584,892	1,857,076	1,857,076
Receivable from a third party	-	-	3,500,000	3,500,000
	238,766,766	238,766,766	92,109,688	92,109,688

Financial Liabilities

At amortized cost

Accounts payable and accrued expenses (excluding tax-related liabilities)	**984,550**	**984,550**	1,528,120	1,528,120

See Note 2 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 13.

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 price (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, 2017 and 2016.

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.

	2017			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Loans and receivables				
Cash	236,181,874	-	-	**236,181,874**
Advances to a stockholder	-	-	2,584,892	**2,584,892**
	236,181,874	-	**2,584,892**	**238,766,766**

Financial Liabilities				
At amortized cost				
Accounts payable and accrued expenses (excluding tax-related liabilities)	-	-	984,550	**984,550**

		2016		
	Level 1	Level 2	Level 3	Total
Financial Assets				
Loans and receivables				
Cash	86,752,612	-	-	**86,752,612**
Advances to a stockholder	-	-	1,857,076	**1,857,076**
Receivable from a third party	-	-	3,500,000	**3,500,000**
	86,752,612	**-**	**5,357,076**	**92,109,688**
Financial Liabilities				
At amortized cost				
Accounts payable and accrued expenses (excluding tax-related liabilities)	-	-	1,528,120	**1,528,120**

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.

Note 15 – 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 (Note 1), 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, 2017 and 2016 is presented below.

	2017	2016	2015
Total Liabilities	**1,048,218**	1,585,233	1,548,480
Total Equity	**240,922,608**	93,619,491	21,009,622
Debt-to-Equity ratio	**0.0044:1.00**	0.02:1.00	0.07:1.00

As discussed in Note 1, the Company, being a holding company, is in the process of looking for other opportunities in the various business sectors.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
LODESTAR INVESTMENT HOLDINGS CORPORATION
7th Floor, Peaksun Building
1505 Princeton St. corner Shaw Boulevard
Brgy. Wack-WackGreenhills East,
Mandaluyong City

We have audited the financial statements of **LODESTAR INVESTMENT HOLDINGS CORPORATION** as of and for the years ended December 31, 2017 and 2016, on which we have rendered the attached report dated April 05, 2018.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown in **Annex A** (List of Effective Standards and Interpretation) is presented for purposes of filing with the Securities and Exchange Commission in accordance with SRC Rule 68 and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our 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 whole.

MANGAY-AYAM, LIM & CO. CPAS
TIN 228-756-505
Board of Accountancy Cert. No. 0672, valid until December 31, 2018
SEC Accreditation No. 0302-F, valid until April 30, 2018
CDA-CEA: 0020-AF, valid until March 20, 2020
BIR AN: 08-001698-000-2018, valid until February 12, 2021

By:

RODRIGO M. MANGAY-AYAM
Partner
CPA Certificate No. 21565
BOA Certificate No. 00672, valid until December 31, 2018
SEC Accreditation No. 1455-A, (Group A), valid until April 30, 2018
BIR AN: 08-001698-1-2018, valid until February 12, 2021
TIN No. 123-447-203
PTR No. 6629138MD, January 11, 2018, Makati City

Makati City, Philippines
April 05, 2018

ANNEX A

LODESTAR INVESTMENT HOLDINGS CORPORATION

Supplemental Schedule of Financial Reporting Standards and Enterpretations
As at December 31, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		√		
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			√
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			√
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			√
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			√
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			√
	Amendments to PFRS 1: Government Loans			√
PFRS 2	Share-based Payment			√
	Amendments to PFRS 2: Vesting Conditions and Cancellations			√
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			√
PFRS 3 (Revised)	Business Combinations			√
PFRS 4	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			√
PFRS 6	Exploration for and Evaluation of Mineral Resources			√
PFRS 7	Financial Instruments: Disclosures	√		
	Amendments to 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			√
PFRS 8	Operating Segments			√
PFRS 9	Financial Instruments	√		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			√
PFRS 10	Consolidated Financial Statements			√
Amendments to PFRS 10 and PAS 28	Sale or contribution of Assets between an Investor and its Associates of Joint Venture			√
Amendments to PFRS 10, PFRS 12 and PAS 28	Investment entities - Applying the consolidation exemption			√
PFRS 11	Joint Arrangements			√
Amendments to PFRS 11	Accounting for Acquisition of Joint Operation			√
PFRS 12	Disclosure of Interests in Other Entities			√
PFRS 13	Fair Value Measurement	√		
PFRS 14	Regulatory Deferral Accounts			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 15	Revenue from Contracts with Customers			√
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendment to PAS 1: Capital Disclosures	√		
	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	√		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	√		
PAS 10	Events after the Reporting Period	√		
PAS 11	Construction Contracts			√
PAS 12	Income Taxes	√		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	√		
PAS 16	Property, Plant and Equipment	√		
Amendments to PAS 16 and PAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	√		
PAS 17	Leases	√		
PAS 18	Revenue	√		
PAS 19	Employee Benefits	√		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			√
PAS 19 (Amended)	Employee Benefits	√		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√
PAS 21	The Effects of Changes in Foreign Exchange Rates			√
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs			√
PAS 24 (Revised)	Related Party Disclosures	√		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27	Consolidated and Separate Financial Statements			√ √
PAS 27 (Amended)	Separate Financial Statements			√
Amendment to PAS 27	Equity Method in Separate Financial Statements			√
PAS 28	Investments in Associates			√
PAS 28 (Amended)	Investments in Associates and Joint Ventures			√
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures			√
PAS 32	Financial Instruments: Disclosure and Presentation	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendment to PAS 32: Classification of Rights Issues	√		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting	√		
PAS 36	Impairment of Assets	√		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets			√
PAS 39	Financial Instruments: Recognition and Measurement	√		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			√
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			√
	Amendments to PAS 39: The Fair Value Option			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
	Amendment to PAS 39: Eligible Hedged Items			√
PAS 40	Investment Property			√
PAS 41	Agriculture			√
Amendments to PAS 16 and PAS 41	Agriculture - Bearer plants			√
Philippine Interpretations				
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 8	*Scope of PFRS 2*			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
IFRIC 10	*Interim Financial Reporting and Impairment*			√
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			√
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes			√
IFRIC 14	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			√
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			√
IFRIC 17	Distributions of Non-cash Assets to Owners			√
IFRIC 18	Transfers of Assets from Customers			√
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			√
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			√
SIC-7	Introduction of the Euro			√
SIC-10	Government Assistance - No Specific Relation to Operating Activities			√
SIC-12	Consolidation - Special Purpose Entities			√
	Amendment to SIC - 12: Scope of SIC 12			√
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			√
SIC-15	Operating Leases - Incentives			√
SIC-21	Income Taxes – Recovery of Revalued Non-Depreciable Assets			√
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
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			√

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors
LODESTAR INVESTMENT HOLDINGS CORPORATION
7th Floor, Peaksun Building
1505 Princeton St. corner Shaw Boulevard
Brgy. Wack-WackGreenhills East,
Mandaluyong City

We have audited in accordance with the Philippine Standards on Auditing, the accompanying financial statements of **LODESTAR INVESTMENT HOLDINGS CORPORATION** as at and for the years ended December 31, 2017 (with comparative figures for 2016 and 2015), included in this Form 17-A, and have issued our report thereon dated April 5, 2018.Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the management. These schedules are presented for the purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

MANGAY-AYAM, LIM & CO. CPAS
TIN 228-756-505
Board of Accountancy Cert. No. 0672, valid until December 31, 2018
SEC Accreditation No. 0302-F, (Group A) - valid until April 30, 2018
CDA-CEA: 0020-AF, valid until March 20, 2020
BIR AN: 08-001698-000-2018, valid until February 12, 2021

By:

RODRIGO M. MANGAY-AYAM
Partner
CPA Certificate No. 21565
BOA Certificate No. 00672, valid until December 31, 2018
SEC Accreditation No. 1455-A, (Group A), valid until April 30, 2018
BIR AN: 08-001698-1-2018, valid until February 12, 2021
TIN No. 123-447-203
PTR No. 6629138MD, January 11, 2018, Makati City

Makati City, Philippines
April 05, 2018

Lodestar Investment Holdings Corporation
List of Supplementary Information
December 31, 2017

Lodestar Investment Holdings Corporation
Schedule A - Financial Assets
December 31, 2017

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

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, 2017

			Deductions		*Ending Balance*		
Name and Designation of Debtor	*Balance at Beginning of Year*	*Additions*	*Amounts Collected*	*Amounts Written-off*	*Current*	*Non - Current*	*Balance at End of Year*

Lodestar Investment Holdings Corporation
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2017

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

Not applicable

Lodestar Investment Holdings Corporation
Schedule D - Intangible Assets - Other Assets
December 31, 2017

Description	*Beginning Balance*	*Additions at costs*	*Charged to Cost and Expenses*	*Charged to Other Accounts*	*Other Changes Additions (Deductions)*	*Ending Balance*

Not applicable

Lodestar Investment Holdings Corporation
Schedule E - Long-term Debt
December 31, 2017

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet*	*Amount Shown Under Caption "Long-term Debt" in related Statement of Condition*

Not applicable

Lodestar Investment Holdings Corporation
Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2017

Name of Related Party	*Balance at Beginning of Year*	*Balance at End of Year*

Not applicable

Lodestar Investment Holdings Corporation
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2017

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

Not applicable

Lodestar Investment Holdings Corporation
Schedule H - Capital Stock
December 31, 2017

				Number of Shares Held by		
Title of Issue	*Number of Shares Authorized*	*Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption*	*Number of Shares Reserved for Options, Warrants, Conversion and Other Rights*	*Related Parties*	*Directors, Officers and Employees*	*Others*
Common shares	3,000,000,000	3,000,000,000	-	-	43,000	2,999,957,000

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, 2017

The Company has a deficit as at December 31, 2017. Presented below is an analysis of the deficit for purposes of this reconciliation requirement.

DEFICIT AT BEGINNING OF YEAR	P	123,095,367
Net loss for the year		2,696,883
DEFICIT AT END OF YEAR	P	125,792,250

LODESTAR INVESTMENT HOLDINGS CORPORATION
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2017

Not applicable

LODESTAR INVESTMENT HOLDINGS CORPORATION
Key Performance Indicators
December 31, 2017

		2017	2016	2017	2016
a.)	Current Ratio				
	Current Assets / Current Liabilities	P 241,970,826 / 1,048,218	P 95,204,724 / 1,585,233	230.84	60.06
b.)	Quick Ratio				
	Cash / Current Liabilities	236,181,874 / 1,048,218	86,752,612 / 1,585,233	225.32	54.73
c.)	Debt-to-equity Ratio				
	Debt / Equity	1,048,218 / 240,922,609	1,585,233 / 93,619,491	0.00	0.02
d.)	Book value per share				
	Equity / No. of Shares Outstanding	240,922,609 / 3,000,000,000	93,619,491 / 1,000,000,000	0.08	0.09

e.) Net Profit Margin

Not applicable. The Company is in a net loss position in 2017 and 2016 since it has not yet started its commercial operations.

		2017	2016	2017	2016
f.)	Asset to Equity Ratio				
	Assets / Equity	241,970,826 / 240,922,609	95,204,724 / 93,619,491	1.00	1.02

g.) Interest Rate Coverage Ratio

Not applicable. The Company has no borrowings in 2017 and 2016.

h.) Gross Profit Margin

Not applicable. The Company has no revenue in 2017 and 2016 since it has not yet started its commercial operations.

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

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, Mandaluyo
TEL. NO.: 928-9246 FAX NO.: 928-9246
COMPANY TYPE : Holding Company PSIC: 6694

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

Table 1. Balance Sheet

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	241,971.00	95,205.00
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	241,971.00	95,205.00
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	236,182.00	86,753.00
A.1.1.1 On hand	4.00	4.00
A.1.1.2 In domestic banks/entities	236,178.00	86,749.00
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)		
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)		
A.1.2.1.1 Due from customers (trade)		
A.1.2.1.2 Due from related parties		
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)		
A.1.2.1.3.1		
A.1.2.1.3.2		
A.1.2.1.4 Allowance for doubtful accounts (negative entry)		
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)		
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)		
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)		
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

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

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

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

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

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, Mandaluyong C
TEL. NO.: 928-9246 FAX NO.: 928-9246
COMPANY TYPE : Holding Company PSIC: 6694

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

Table 1. Balance Sheet

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	5,789.00	8,452.00
A.1.5.1 Advances sto stockholder	2,585.00	1,857.00
A.1.5.2 Others	3,204.00	6,595.00
A.1.5.3		
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	0.00	0.00
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement		
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment		
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)		
A..2.5.1 Property, or equipment used for education purposes		
A..2.5.2 Construction in progress		
A..2.5.3 Office Equipment	71.00	71.00
A..2.5.4		
A..2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)		
A..2.6.1		
A..2.6.2		
A..2.6.3		
A..2.6.4		
A..2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	-71.00	-71.00
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)		
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)		
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

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

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION

CURRENT ADDRESS: c/o 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, Mandaluyong City

TEL. NO.: 928-9246 FAX NO.: 928-9246

COMPANY TYPE : Holding Company PSIC: 6694

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

Table 1. Balance Sheet

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	0.00	0.00
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Input VAT		
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)		
A.10.4.1 Deposit for future stock investment	0.00	0.00
A.10.4.2		
A.10.4.3		
A.10.4.4		
A.10.4.5		
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**1,048.00**	**1,585.00**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	1,048.00	1,585.00
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	1,048.00	1,585.00
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Trade Payables		
B.1.1.3 Payables to Related Parties		
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)		
B.1.1.5.1 Accrued Expenses	984.00	1,528.00
B.1.1.5.2		
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	64.00	57.00
B.1.1.6.1 Advances from Stockholders	0.00	0.00
B.1.1.6.2 Income tax payable	0.00	0.00
B.1.1.6.3 Others	64.00	57.00
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)		
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)		
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabiilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

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

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, Mandaluyong City
TEL. NO.: 928-9246 FAX NO.: 928-9246
COMPANY TYPE : Holding Company PSIC: 6694

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

Table 1. Balance Sheet

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions		
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)		
B.5.1 Deferred Tax		
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)		
B.5.2.1		
B.5.2.2		
B.5.2.3		
B.5.2.4		
B.5.2.5		
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	**240,923.00**	**93,620.00**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	**1,000,000.00**	**1,000,000.00**
C.1.1 Common shares	1,000,000.00	1,000,000.00
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	**300,000.00**	**100,000.00**
C.3.1 Common shares	300,000.00	100,000.00
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	66,715.00	66,715.00
C.5 Minority Interest		
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	0.00	50,000.00
C.6.1 Revaluation reserve on available-for-sale financial assets		
C.6.2 Deposit for Future Subscription		50,000.00
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	(125,792.00)	(123,095.00)
C.8.1 Appropriated		
C.8.2 Unappropriated	(125,792.00)	(123,095.00)
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)		
TOTAL LIABILITIES AND EQUITY (B + C)	**241,971.00**	**95,205.00**

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

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, M
TEL. NO.: 928-9246 FAX NO.: 928-9246
COMPANY TYPE : Holding Company PSIC: 6694

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

Table 2. Income Statement

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	**1,066.00**	**154.00**
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)		
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for		
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)		
A.3.1 Rental Income from Land and Buildings		
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)		
A.3.3 Sale of Real Estate or other Property and Equipment		
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)		
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)		
A.3.5.1 Rental Income, Equipment		
A.3.5.2		
A.3.5.3		
A.3.5.4		
A.3.5.5		
A.3.5.6		
A.3.5.7		
A.3.5.8		
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	**1,066.00**	**154.00**
A.4.1 Interest Income	1,066.00	154.00
A.4.2 Dividend Income		
A.4.3 Gain / (**Loss**) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	-	**0.00**
A.4.3.1 Income from derecognition of a liability		
A.4.3.2 Loss on cancellation of an agreement		0.00
A.4.3.3		
A.4.3.4		
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	-	0.00
A.4.4.1 Gain / (**Loss**) on Foreign Exchange		
A.4.4.2		
A.4.4.3		
A.4.4.4		
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)		
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)		
B.1.1 Direct Material Used		
B.1.2 Direct Labor		
B.1.3 Other Manufacturing Cost / Overhead		
B.1.4 Goods in Process, Beginning		
B.1.5 Goods in Process, End (**negative entry**)		
B.2 Finished Goods, Beginning		
B.3 Finished Goods, End (**negative entry**)		
C. COST OF SALES (C.1 + C.2 + C.3)		
C.1 Purchases		
C.2 Merchandise Inventory, Beginning		
C.3 Merchandise Inventory, End (**negative entry**)		
D. GROSS PROFIT (A - B - C)	1,066.00	154.00

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

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

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION

CURRENT ADDRESS: c/o 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, Mand

TEL. NO.: 928-9246 FAX NO.: 928-9246

COMPANY TYPE : Holding Company PSIC: 6694

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

Table 2. Income Statement

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	3,551.00	3,514.00
E.1 Selling or Marketing Expenses		
E.2 Administrative Expenses		
E.3 General Expenses		
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	3,551.00	3,514.00
E.4.1 Education-related expenditures		
E.4.2 Loss on sale of available-for-sale financial assets		
E.4.3 Management fees		
E.4.4 Professional fees	734.00	785.00
E.4.5 Salaries and wages		
E.4.6 Legal fees	840.00	820.00
E.4.7 Dues and subscriptions	663.00	253.00
E.4.8 Directors' fees	139.00	206.00
E.4.9 Printing and office supplies	65.00	46.00
E.4.10 Others	1,110.00	1,404.00
E4.10.1 Miscellaneous	95.00	296.00
E4.10.2 Taxes and Licenses	1015.00	
E4.10.3 Allowance for uncollectinle account		1,108.00
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)		
F.1 Interest on Short-Term Promissory Notes		
F.2 Interest on Long-Term Promissory Notes		
F.3 Interest on bonds, mortgages and other long-term loans		
F.4 Amortization		
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)		
F.5.1		
F.5.2		
F.5.3		
F.5.4		
F.5.5		
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	-2,484.00	-3,359.00
H. INCOME TAX EXPENSE (negative entry)	-213.00	-31.00
I. INCOME(LOSS) AFTER TAX	-2,697.00	-3,390.00
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)		
J.1		
J.2		
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST		
L PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
M. EARNINGS (LOSS) PER SHARE		
M.1 Basic	-0.002	-0.003
M.2 Diluted		

Control No.:
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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION

CURRENT ADDRESS: c/o 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, Mandaluyong City

TEL. NO.: 928-9246 FAX NO.: 928-9246

COMPANY TYPE Holding Company PSIC: 6694

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

Table 3. Cash Flow Statements

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) Before Tax and Extraordinary Items	-2,484.00	-3,359.00
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation		0.00
Amortization, specify		
Others, specify: Interest income	-1,066.00	-154.00
Loss on cancellation of an agreement		0.00
Derecognition of a liability		0.00
Write-down of Property, Plant, and Equipment		
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Receivables		
Inventories		
Other Current Assets	1,748.00	998.00
Others, specify:		
Advances to a stockholder		0.00
Other assets		
Increase (Decrease) in:		
Trade and Other Payables	-537.00	37.00
Income and Other Taxes Payable		
Others, specify: Advances from third parties		0.00
Interest received	1,066.00	154.00
Cash paid for income taxes	-213.00	-31.00
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	-1,486.00	-2,355.00
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Long-Term Receivables		
(Increase) Decrease in Investment		
Reductions/(Additions) to Property, Plant, and Equipment		0.00
Others, specify Acquisition of available-for-sale financial assets		
Proceeds from sale of available-for-sale financial assets		0.00
Return of deposit for future stock investment		
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	0.00	0.00
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Loans		
Long-term Debt		
Issuance of Securities		
Others, specify: Additional advances from stockholders	915.00	
Proceeds from subscribed capital stock	200,000.00	26,000.00
Proceeds from deposit for future subscription	-50,000.00	50,000.00
Payments of:		
(Loans)		
(Long-term Debt)		
(Stock Subscriptions)		
Others, specify (negative entry):		
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	150,915.00	76,000.00
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	149,429.00	73,645.00
Cash and Cash Equivalents		
Beginning of year	86,753.00	13,108.00
End of year	236,182.00	86,753.00

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

Control No.:
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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION

CURRENT ADDRESS: c/o 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, Mandaluyong City

TEL. NO.: 928-9246 FAX NO.: 928-9246

COMPANY TYPE : Holding Company PSIC: 6694

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

Table 4. Statement of Changes in Equity

	(Amount in P'000)					
FINANCIAL DATA	Capital Stock	Additional Paid in Capital	Revaluation Increment	Translation Differences	Retained Earnings	TOTAL
A. Balance, 2015	74,000.00	66,715.00	-	-	(119,705.00)	21,010.00
A.1 Correction of Error(s)						
A.2 Changes in Accounting Policy						
B. Restated Balance						
C. Surplus						
C.1 Surplus (Deficit) on Revaluation of Properties						
C.2 Surplus (Deficit) on Revaluation of Investments						
C.3 Currency Translation Differences						
C.4 Other Surplus (specify)						
C.4.1						
C.4.2						
C.4.3						
C.4.4						
C.4.5						
D. Net Income (Loss) for the Period					(3,390.00)	(3,390.00)
E. Dividends (negative entry)						
F. Appropriation for (specify)						
F.1						
F.2						
F.3						
F.4						
F.5						
G. Issuance of Capital Stock						
G.1 Common Stock	26,000.00					26,000.00
G.2 Preferred Stock						
G.3 Others- Deposit for Future Subscript	50,000.00					50,000.00
H. Balance, 2016	150,000.00	66,715.00	-	-	(123,095.00)	93,620.00
H.1 Correction of Error (s)						
H.2 Changes in Accounting Policy						
I. Restated Balance						
J. Surplus						
J.1 Surplus (Deficit) on Revaluation of Properties						
J.2 Surplus (Deficit) on Revaluation of Investments						
J.3 Currency Translation Differences						
J.4 Other Surplus (specify)						
J.4.1						
J.4.2						
J.4.3						
J.4.4						
J.4.5						
K. Net Income (Loss) for the Period					(2,697.00)	(2,697.00)
L. Dividends (negative entry)						
M. Appropriation for (specify)						
M.1						
M.2						
M.3						
M.4						
M.5						
N. Issuance of Capital Stock						
N.1 Common Stock	150,000.00					150,000.00
N.2 Preferred Stock						
N.3 Others - Deposit for future subscripti						-
O. Balance, 2017	300,000.00	66,715.00	-	-	(125,792.00)	240,923.00