

SEC Registration Number

5	4	1	0	6							
---	---	---	---	---	--	--	--	--	--	--	--

Company Name

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

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

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

Form Type

1	7	A	
---	---	---	--

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A	
---	---	---	--

COMPANY INFORMATION

Company's Email Address

www.lodestarholdings.com
--

Company's Telephone Number/s

(632) 928-9246

Mobile Number

N/A

No. of Stockholders

59

Annual Meeting

2nd Wednesday of May

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Venus L. Gregorio

Email Address

Nitsbeng.gregoriolaw@my destiny.net
--

Telephone Number/s

(632) 920-9306

Mobile Number

--

Contact Person's Address

45 South Maya, Philam Homes, Quezon City
--

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

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-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, 2014**
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** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
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	740,000,000

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 18 March 2015 of the voting stock held by non-affiliates of the registrant is ₦ 536,692,050.

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

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

The Company, as an investment holding company, continues to evaluate various business opportunities that are viable, growing, and profitable business ventures. 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”). The Company and Musx have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment into ABACOAL are set forth.

Under the Heads of Agreement and the Agreement for Joint Investment, upon completion of the transactions contemplated thereunder, Musx will own fifty five percent (55%) of the issued and outstanding capital stock of ABACOAL, while the Company will own forty five (45%) of the issued and outstanding capital stock of ABACOAL. The consideration for the sale of the issued and outstanding shares of stock of ABACOAL shall be in the form of cash and shares of stock. The cash component due from the Company amounting to Thirty Three Million Seven Hundred Fifty Thousand Pesos (₱33,750,000.00) shall be effected in staggered payments.

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

On 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 over which the Company has controlling stake. Oriental has built a good reputation as a premiere mining operations company. 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 payable within 45 days from receipt of payment by Oriental Vision. Oriental likewise paid the company Twenty Five Million Pesos (₱25,000,000.00) upon signing of the MOA, as and by way of reimbursement of expenses incurred by the Company in the development of the ABACOAL project.

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

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

On April 12, 2011, the Department of Energy has issued its approval on the company's proposed 5-year work program relative to the application for conversion of Coal Operating Contract no. 148 located in Tago, Surigao del Sur from Exploration Phase to Development and Production Phase.

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 a contracted interest in ABACOAL. Thus, the Company has a contingent and prospective ownership interest in one hundred percent (100 %) of the shares of stock of ABACOAL, a coal development company with a Coal Operating Contract over a 7,000 hectare property in Surigao del Sur.

The Company has no real properties.

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 08, 2015 is pegged at ₱ 0.82

The high and low sales prices of each quarter covering the years 2014, 2013 and 2012 are as follows:

	<u>High</u>	<u>Low</u>
2015		
First Quarter (April 8)	₱ 0.83	₱ 0.80
2014		
First Quarter	₱ 0.79	₱ 0.76
Second Quarter	0.76	0.74
Third Quarter	0.68	0.66
Fourth Quarter	0.62	0.59
2013		
First Quarter	₱ 1.04	₱ 0.87
Second Quarter	0.93	0.61
Third Quarter	0.78	0.67
Fourth Quarter	0.63	0.60
2012		
First Quarter	₱ 1.49	0.76
Second Quarter	1.28	1.02
Third Quarter	1.29	1.02
Fourth Quarter	1.31	0.96

Source: Technistock

The number of shareholders as of 31 December 2014 is 59¹. Common shares outstanding as at 31 December 2014 are 740,000,000 shares per the records of BDO Unibank, Inc.

The following table presents the Company's top 20 shareholders as at 31 December 2014:

¹ Per the records of BDO Unibank, Inc.

Name of Shareholder	Class of Security	Number of Shares	Percentage to Total
PCD Nominee Corporation-Filipino	Common	607,584,430	82.106%
Renato L. Reyes	Common	72,000,000	9.730%
Ramon L. Abad, Jr.	Common	28,000,000	3.784%
PCD Nominee Corporation- Non-Filipino	Common	24,878,000	3.362%
Jones R. Castro	Common	1,700,000	0.230%
Renato Lumague	Common	600,000	0.081%
William T. Enrile &/or William R. Enrile II &/or Nelly R. Enrile	Common	500,000	0.068%
Joel S. Diaz	Common	500,000	0.068%
Joaquin Corpus	Common	500,000	0.068%
Ross W. Garling	Common	400,000	0.054%
John T. Mesina	Common	300,000	0.041%
Jovenal Gonzalez	Common	300,000	0.041%
Jose De Peralta	Common	300,000	0.041%
Cesar Hablero	Common	160,000	0.022%
William Stone	Common	100,010	0.014%
Reuben Alderson	Common	100,000	0.014%
Augusto Bautista	Common	100,000	0.014%
Domingo Bautista	Common	100,000	0.014%
Rogelio Corpus	Common	100,000	0.014%
Warlito De Guzman	Common	100,000	0.014%

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 September 24, 2008, the Company entered into a Heads of Agreement with Music Semiconductors Corporation (“MSC”) and Abacus Consolidated Resources Holdings, Inc. (“ACRHI”) for the joint acquisition by the Company and MSC of all issued and outstanding shares of stock of ABACOAL, a subsidiary of ACRHI. The Company and MSC have likewise entered into an Agreement for Joint Investment whereby the investment parameters for such investment I ABACOAL were set forth. Under the same agreement, MSC will own 55% of the issued and outstanding capital stock of ABACOAL while the company will own 45% of ABACOAL.

ABACOAL is a company engaged in the commercial exploration and development of coal and is the Assignee (whereby ACRHI is the Assignor) of a Coal Operating Contract over a 7,000-hectare property located in Tago and Marihatag, Surigao Del Sur (“Coal Project”). Due diligence over the coal property has been undertaken for purposes of verifying the reserves and studying the financial viability of the Coal Project.

On May 21, 2008, the Board of Directors approved resolutions authorizing the Company to amend the Agreement for Joint between the Company and MSC whereby all the rights and interests of MSC were assigned to Lodestar.

On November 3, 2010, ABACOAL and the Company further revised the terms of the Heads of 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 ₱0.10 and an agreed issue value of ₱0.90 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 agree to execute at the proper time.

On April 12, 2011, the Department of Energy approved the conversion of Coal Operating Contract 148 to Development and Production phase. The proposed 5-year work program of Abacus Coal Exploration and Development Corporation (ACEDC) was evaluated and found to be technically and financially qualified to undertake development and production of coal resources located at Tago, Surigao del Sur., subject to the following terms and conditions:

1. The COC for Exploration No. 148 is converted into COC for Development and Production effective 10 January 2010 for a period of ten (10) years and thereafter renewable for series of three (3) year period not exceeding twelve (12) years under such terms and condition as may be agreed upon by the DOE and the Contractor.
2. The area subject of the COC for development and production shall cover seven (7) blocks.
3. Section IV, sub-paragraph 4.3 of COC for exploration shall be amended to provide for the development and production commitments.
4. The training component of the approved COC for development and production, shall be ₱200,000 per year cumulative during the Development and Production Phase.
5. ACEDC shall implement its health, safety and environmental protection program as well as its emergency response program, as the need arises, as approved by the DOE.

On 16 October 2012, the Board of Directors of Lodestar authorized the Chairman to sign and execute a Plan of Merger with ABACOAL. Draft copy of the Plan of Merger was presented to the Board. The following are the main obligations of the Parties under the Plan of Merger:

1. ABACOAL shall convey, assign and transfer to LODESTAR all their assets and liabilities existing as of 30 September 2012 and such assets and liabilities that may exist, now or in the future, and until the Effective Date of Merger.
2. Up until the Effective Date of Merger and in addition to the aforementioned liabilities of ABACOAL as stated in their Audited FS as of 30 September 2012, LODESTAR shall assume any and all liabilities of ABACOAL, if any.
3. LODESTAR shall issue Three Hundred Thirty Three Million Three Hundred Thirty Three Thousand Three Hundred Thirty Three (333,333,333) LODESTAR shares valued at Ninety Centavos (₱0.90) per share or a total value of Three Hundred Million Pesos (₱300,000,000.00) in favor of ACRHI, the owner of the entire issued and outstanding capital stock of ABACOAL.

The approval of the Plan of Merger with ABACOAL was not discussed during the last convened annual stockholders' meeting of Lodestar for lack of the necessary votes of 2/3 majority.

Business Plan:

Still in line with the primary purpose of the Company as a holdings corporation, business outlook for 2015 is geared towards expansion. Thus, the Company may again tap into various sources to look for opportunities in the mining sector. Specifics of such deals, if any, will be properly disclosed in accordance with the continuing disclosure requirements of the SEC and the PSE.

Financial Performance In Philippine Pesos

	Year 2014	Year 2013	Year 2012
Revenues	762	5,483	11,183
Cost and Expenses	1,960,136	3,236,160	4,327,074
Other Losses		-	15,724,330
Net Income (Loss)	(1,959,374)	(3,230,677)	(20,040,221)
Current Assets	6,871,495	8,096,505	11,382,422
Current Liabilities	786,218	55,305	110,946
Total Assets	43,875,165	45,103,626	48,389,944
Total Liabilities	786,218	55,305	110,946
Stockholders' Equity	43,088,947	45,048,321	48,278,998
Current Ratio Current Assets / Current Liabilities	8.74 6,871,495 / 786,218	146.40 8,096,505 / 55,305	102.59 11,382,422 / 110,946
Debt to Equity Ratio Total Liabilities/Stockholders' Equity	0.02 786,218 / 43,088,947	0.00 55,305 / 45,048,321	0.00 110,946 / 48,278,998
Return on assets Net Income / Total Assets	NA	NA	NA
Earnings (Loss) Per Share Net Income (Loss) /No. of shares outstanding	(0.003) (1,959,374)/ 740 M	(0.004) (3,230,677)/ 740 M	(0.027) (20,040,221)/ 740 M

Full Fiscal Years

Calendar Year 2014

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

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

1. Audit Fees – 4.88% or ₱11 thousand higher from ₱230 thousand in 2013 to ₱241 thousand in 2014 due to higher audit fees for 2014.
2. Salaries and Employee benefits – 55.59% or ₱349 thousand lower.
3. Director's fees – 16.00% or ₱ 22 thousand lower from ₱139 thousand in 2013 to ₱117 thousand in 2014 due to lesser board meetings conducted during the year.
4. Office supplies and other expenses – 38.51% or ₱ 69 thousand lower from ₱ 179 thousand in 2013 to ₱110 thousand in 2014.

5. Professional Fees – 61.92% or ₦ 242 thousand lower from ₦392 thousand in 2013 to ₦149 thousand in 2014 due to cancellation of contracts of a professional.
6. Repairs and Maintenance – 100% or ₦6 thousand incurred in 2014 and nil in 2013.
7. Representation Expense – 93.00% or ₦382 thousand lower from ₦ 411 thousand in 2013 to ₦ 29 thousand in 2014. This expense is relative to the Company's COC 148 which is now into development and production phase.
8. Transportation and Travel expenses – 91.02% or ₦54 thousand lower from ₦59 thousand in 2013 to ₦5 thousand in 2014.
9. Depreciation – 67.92% or ₦7 thousand lower.
10. Insurance – 141.74% or ₦ 17 thousand higher from ₦ 12 thousand 2013 to ₦ 29 thousand in 2014.
11. Legal fees – 20.65% or ₦ 190 thousand lower from ₦ 920 thousand in 2013 to ₦ 730 thousand in 2014.
12. Taxes and Licenses – 27.62% or ₦3 thousand increase from ₦ 12 thousand in 2013 to ₦ 15 thousand in 2014.

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

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

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

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

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

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

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

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

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

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

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

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

Calendar Year 2013

The Company reported interest income earned on bank accounts amounting to ₦5,483 was ₦5,700 or 50.97% lower than the interest recorded for the year 2012 of ₦ 11,183.

The ₦3.236 million operating expenses for 2013 was 25.21% or ₦ 1.09 million lower when compared to 2012. The decrease was attributed to the net effect of following expenses:

13. Audit Fees – 15.96% or ₦32 thousand higher from ₦198 thousand in 2012 to ₦230 thousand in 2013 due to higher audit fees for 2013.
14. Commission expense – 100% or ₦187 thousand lower due to liquidation of traded shares in 2012.
15. Salaries and Employee benefits – 2.77% or ₦17 thousand lower.
16. Director's fees – 19.05% or ₦ 22 thousand higher from ₦117 thousand in 2012 to ₦139 thousand in 2013 due to several board meetings conducted resulting to higher per diems.
17. Office supplies and other miscellaneous expenses – 27.91% or ₦ 64 thousand lower from ₦ 221 thousand million in 2012 to ₦156 thousand in 2013.
18. Professional Fees – 67.44% or ₦ 811 thousand lower from ₦1.203 million in 2012 to ₦392 thousand in 2013 due to cancellation of contracts of two professionals
19. Repairs and Maintenance – 100% or ₦8 thousand incurred in 2012 and nil in 2013.
20. Representation Expense – 81.02% or ₦184 thousand higher from ₦ 227 thousand in 2012 to ₦ 411 thousand in 2013. This expense is relative to the Company's COC 148 which is now into development and production phase.
21. Trustee Fees – 100% or ₦16 thousand in 2012 to nil in 2013. The company has sold all its shares traded in the stock market in 2012.
22. Transportation and Travel expenses – 75.53% or ₦184 thousand lower from ₦244 thousand in 2012 to ₦60 thousand in 2013.
23. Depreciation – 64.25% or ₦19 thousand lower due to full depreciation of some assets.
24. Insurance – 100% or ₦ 12 thousand in 2013 and nil in 2012.
25. Legal fees – 10.84% or ₦ 90 thousand higher from ₦ 830 thousand in 2012 to ₦ 920 thousand in 2013.
26. Project cost – 100% or ₦123 thousand in 2012 and nil in 2013.

The above expenses resulted to a decrease in cash and cash equivalents from ₦3.406 million in 2012 to ₦0.490 million in 2013.

Other current assets increased by ₦80 thousand due to input vat from purchase of goods and services couple with a slight increase in receivables.

Partial settlement of ₦450 thousand by a stockholder to fund expenses resulted to a decrease in advances from stockholder, from ₦ 4.077 million as at Dec. 2012 to ₦ 3.627 million in 2013.

Total liabilities of ₦ 55 thousand in 2013 is 50.15% or ₦ 56 thousand lower when compared to 2012 balances of ₦ 111 thousand.

Operating expenses net of interest earned from bank deposits resulted to a net reduction in equity from ₦ 48.28 million in 2012 to ₦ 45.05 million in 2013.

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

any material way.

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

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

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

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

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

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

Calendar Year 2012

For the year 2012, the Company reported interest income earned on bank accounts amounting to ₱11,183 was ₱13,877 or 55.38% lower than the interest recorded for the year 2011 of ₱ 25,060.

The ₱4.325 million operating expenses for 2012 was 2.06% or ₱ 0.087 million higher when compared to 2011. The increase was attributed to project costs incurred by the Company with regard to its investment with ABACOAL.

An increase of 114% or ₱1.817 in cash and cash equivalents from ₱1.589 million in 2011 to ₱3.406 million in 2012 was due to disposal of shares traded in the Philippine Stock Exchange.

Other current assets increased by ₱1.374 million due to net effect of the following:

1. Increase in input vat; and
2. deposit made to supplier amounting to ₱1.101 million on the exploration/ survey activities being conducted in the coal project.

An increase of ₱ 4.077 million or 100% in advances to a stockholder represent advances made by a key officer and stockholder.

Total liabilities of ₱ 0.111 million in 2012 is 96.16% or ₱ 2.780 million lower when compared to 2011 due to use of fund from deposit made by Oriental Vision Mining Philippines Corporation (ORVI) for the exploration and development activities of the coal properties of Abacoal and settlement of liabilities and liquidation of some long outstanding payables.

A net reduction of 18% or ₱10.762 million in equity is due to the following:

1. Disposal of traded shares during the year resulted to a loss amounting to ₱ 15.724 million and offset of negative revaluation of shares amounting to ₱ 9.279 million.
2. Operating expenses of ₱4.324 million incurred during the year also contributed to an increase in deficit.

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

Punongbayan and Araullo, has been the Company's independent auditor since 2009 up to present. Fees paid by the Company covering year 2014 amounted to P 215,000.00, same amount for 2013 and P205,000.00 for 2012.

Except for annual audit of financial statements, PNA was not commissioned to perform any special audit for the group.

Audit Committee's Approval Policies and Procedures

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company retained the External Auditors who prepared the financial statements for the calendar year ended 31 December 2013 and 2012. Thus, the financial statements and notes thereto for the

calendar year ended 31 December 2014 were likewise prepared by Punongbayan & Araullo (P&A). 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 2014

Name	Age	Nationality	Present Position	Date Elected and / or Appointed
Antonio V.F. Gregorio III	42	Filipino	Director and Chairman	May 15, 2009 as Director and Dec. 13, 2012 as Chairman
Chi Ho Co	42	Filipino	Director and President	Sept. 22, 2008 as Director and Dec. 13, 2012 as President
Leonardo S. Gayao	68	Filipino	Director	December 22, 2010
Venus L. Gregorio	46	Filipino	Corporate Secretary and Corporate Information Officer	December 13, 2012
Jose Francisco Miranda	37	Filipino	Director, CFO and Treasurer	December 13, 2012
Manuel Acenas	70	Canadian	Director	December 13, 2012
Lam Kok Duen	58	Chinese	Independent Director	December 4, 2013
Felixes Latonero	41	Filipino	Independent Director	April 13, 2011

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, 42, 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 in 1999. He finished both his Bachelor of Science Degree, Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, from the Ateneo de Manila University, Magna Cum Laude. He was the 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. (Chairman and President), Lodestar Investment Holdings Corporation (Chairman), Dizon Copper-Silver Mines (Director and CFO), Abacus Consolidated Resources and Holdings, Inc., Minerales Industrias Corporation, and GNA Resources International Limited, among other companies.

CHI HO CO, 42, Filipino/ Director and President/ Member, Audit Committee/ Member, Nomination Committee.

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

LEONARDO S. GAYAO, 68, Filipino/ Director/ Member, Remuneration Committee

Atty. Gayao is currently the Director/President of Philippine Regional Investment Development Corporation (1995 to present), President/Director of Abacus Consolidated Resources & Holdings, Inc. (2009 to present) and Director of Pacific Online Systems Corporation (2007 to present), President/Director of Blue Stock Development Farms, Inc. (2009 to present), Chairman of Omnicor Industrial Estate & Realty Center, Inc. (2009 to present), Director of Rural Bank of Batangas, Inc.(1997 to present), Director of Abacus Global Technovisions, Inc.(1993 to present), Director/Corporate Secretary Click Communications, Inc.(1997 to present) , Chairman of Batangan Plaza, Inc.(1996 to present) , and Director of Alpha Asia Hotels and Resorts, Inc.(1991 to present). He is formerly the President of Abacus Consolidated Resources & Holdings, Inc. and Blue Stock Development Farms, Inc. He was former president of Omnicor Industrial Estate & Realty Center, Inc. He finished his Bachelor of Laws degree from San Beda College and his Bachelor of Arts degree from Manuel L. Quezon University. He is a member of Philippine Bar and the Integrated Bar of the Philippines.

VENUS L. GREGORIO, 46, 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 is a Partner at Gregorio Law Offices and sits as Corporate Secretary and Corporate Information Officer of Asiabest Group International Inc. (2011 to present) and Assistant Corporate Information Officer and Assistant Corporate Secretary of Dizon Copper-Silver Mines, Inc. Asst. Corporate Secretary/Director of Cuervo Far East, Inc. (2005 to present), and Corporate Secretary of Tajima Yakiniku Inc. (2005 to present). She was formerly a Director of Active Earnings Inc. (2003 to 2011), Carellan, Inc. (2003 to 2011), Carom, Inc. (2003 to 2011), Grand Pin Development Corporation (2004 to 2011), Hobbitton, Inc. (2003 to 2011) and Weathertop, Inc. (2004 to 2011); Corporate Secretary of Cuisine Allurements, Inc. (2002 to 2011), Los Boldos, Inc. (2003 to 2011) , Onion and Chives, Inc. (2003 to 2011).

JOSE FRANCISCO MIRANDA, 37, Filipino/ Director

Mr. Miranda was elected Director of the Company on 13 December 2012 and became a member of the Remuneration Committee on the same date. He is currently the Company's Chief Financial Officer and Treasurer. He graduated from the University of the Philippines, Diliman, Quezon City,

with a degree in B. S. Geodetic Engineering. He sits as a director and officer of various public and private corporations including Geograce Resources Philippines, Inc. as its President.

MANUEL G. ACENAS, 70, Canadian/ Director

Mr. Acenas was elected Director of the Company on 13 December 2012. He is a Philippine registered geologist currently working as a mineral exploration and geological consultant for various companies. He was a Senior Geologist for Eldore Mining Corp. Ltd. in Australia from 2005 to 2008 and in the Philippines from 2008 to 2011. Mr. Acenas graduated with a Bachelor of Arts Major in Geology from the Adamson University in 1969.

LAM KOK DUEN, 57, Chinese/ Independent Director

Mr. Duen was elected Independent Director of the Company on 04 December 2013. He is currently the Chairman of Metro Steel Manufacturing Corporation, Jal Property & Holdings Corp., Maptco Fasteners Pty., Ltd., Maptco Fasteners Pty. Ltd (New Zealand), Maptco Fasteners Pty. Ltd. (Australia), Jal Ventures, Inc. (Australia), Quanzhou Fense Cot Trading, Xiamen Cot Trading Co., Besttop Fasteners Co., Xiamen (Joan Fasteners) Trading Co. Ltd, Jintin Trading Pty. Ltd. (Sydney), Maptco Fasteners Pty., Ltd. (Australia), Maptco Fasteners (QLD) Pty., Ltd., Thread Industrial Sales Corp.; President of Joan Marketing Co. and Director of Minnan Science Technology Institute (Fujin, China); Managing director of Ilaya Hardware and partner at Jarco Realty Corp. (Bahuio Mail Center)

FELIXES G. LATONERO, 41, Filipino/ Independent Director.

Mr. Latonero is currently the Chairman of the Audit, Compensation, Governance and Risk Management Committees. He is the President of Nontrad Advertising and FGL Modular Cabinet System, Inc. He was an Art Director at Eat Bulaga (TAPE) from 2000-2003, and Art Director of ABS-CBN Corporation from 1995-1998.

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
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co, President (2) Jose Francisco Miranda, CFO (3) No other officers receiving compensation as a group	2015 (est)	260,000 sum of the aggregate annual cash compensation of the named executives
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co , President (2) Jose Francisco Miranda, CFO (3) No other officers receiving compensation as a group	2013	260,000 sum of the aggregate annual cash compensation of the named executives
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co (2) Jose Francisco Miranda (3) No other officers receiving compensation as a group	2013	1,074,312 sum of the aggregate annual cash compensation of the named executives
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co, President (2) Jose Francisco Miranda, COO (3) No other officers receiving compensation as a group	2012	1,237,827 sum of the aggregate annual cash compensation of the named executives

- (1) No compensation for services rendered
 (2) Starting Feb.2013, no compensation for services rendered. Prior to Feb 2013, compensation in the form of management fees subject to expanded withholding tax. Resigned as Treasurer and was elected President on 16 October 2012.
 (3) Compensation as Treasurer and CFO. Appointed as Treasurer on 12 November 2012. Prior to appointment, he was the COO.

- **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 2014.

Type of Class	Name, address of owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount of Ownership	Percent of Class
Common	PCD Nominee Corporation	Various Owners <ol style="list-style-type: none"> 1. Abacus Securities Corporation – 97,128,986 (13.12%) 2. King's power Securities - 49,064,000 (6.63%) 3. Angping & Associates Securities, Inc – 47,038,000 (6.36%) 3. Tower Securities Inc.- 40,687,000 (5.50%) 	Filipino	607,584,430	82.106%
Common	Renato Reyes		Filipino	72,000,000	9.73%

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, 2014:

Title of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect	Citizenship	Percent of Class
Common	Antonio V.F. Gregorio III Chairman and Director	10,000 (Direct)	Filipino	0.000%
Common	Chi Ho Co President and Director	10,000 (Direct)	Filipino	0.00%
Common	Leonardo S. Gayao Director	1,000 (Direct)	Filipino	0.00%
Common	Jose Francisco Miranda Director, CFO and Treasurer	2,000 (Direct)	Filipino	0.00%
Common	Manuel Acenas Director	2,000 (Direct)	Filipino	0.00%
Common	Lam Kok Duen Independent Director	10,000 (Direct)	Filipino	0.00%
Common	Felixes Latonero Independent Director	10,000 (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	45,000		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 extend advances to a stockholder amounting to ₱2,457,076 as of December 31, 2014. These advances are non-interest bearing.

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

Transactions With Key Management Personnel:

The Company avails of the services rendered by lawyers of Gregorio Law Offices. One of the key management personnel of the Company is also a partner of this firm. The related legal fees amounted to ₱730 thousand and ₱ 920 thousand in 2014 and 2013 respectively.

PART IV – CORPORATE GOVERNANCE

Please refer to attached ACGR

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:

<i>Date of Event Reported</i>	<i>Event Reported</i>
April 11, 2014	<p>The following matters were taken up during the board meeting :</p> <ul style="list-style-type: none">(1) Resignation of RGFS Registry & Agency Services, Inc. as the Company's stock and transfer agent and the appointment of Professional Stock Transfer, Inc. as the Company's stock and transfer agent both to become effective 31 May 2014.(2) Amendment of the Articles of Incorporation of the Company changing its place of business from Metro Manila to 7/F, Peaksun Bldg., Princeton Sts. Barangay Wack Wack, Mandaluyong City. The amendments to reflect the new address shall be submitted for approval by the shareholders and shall form part of the agenda for the 2014 Annual Stockholders' Meeting of the Company.(3) Board approval of the Annual Financial Statement and Annual Report for the fiscal year 2013.(4) Postponement of the Annual Stockholders' Meeting scheduled to be held on 2nd Thursday of May to a date to be determined by the President.

July 24, 2014

The following matters were taken up during the special board meeting :

- (1) Approval of the Amended Manual of Corporate Governance in compliance with SEC Memorandum Circular No. 9 Series of 2014. The required amendments, per SEC's directive, have been incorporated in the Amended Manual of Corporate Governance, a copy of which is hereto attached.
- (2) Calling of the Annual Stockholders' Meeting to be held in October 2014 at a specific date and time to be determined by the President.

August 12, 2014

The following matters were taken up during the special board meeting :

- (1) Approval for issuance of the Second Quarter Financial Statements of the Company.
- (2) Change of the Company's stock and transfer agent from Professional Stock Transfer, Inc. to BDO Unibank, Inc. effective 1 October 2014.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Mandaluyong on April 10, 2015.

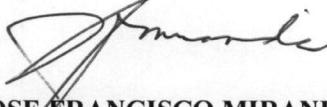
By:



ANTONIO VICTORIANO F. GREGORIO III
Chairman of the Board



CHI HO CO
President



JOSE FRANCISCO MIRANDA
CFO/ Treasurer



VENUS L. GREGORIO
Corporate Secretary

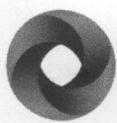
SUBSCRIBED AND SWORN to before me this APR 10 2015 day of April 2015 affiants exhibiting to me

<u>Name</u>	<u>ID No.</u>	<u>Issued on/at</u>
Antonio V.F. Gregorio III	TIN 201-897-602	
Chi Ho Co	TIN 167-858-435	
Jose Franciso Miranda	TIN 291-271-321	
Venus Gregorio	TIN 181-964-522	

Notary Public

Doc. No. 13 :
Page No. 30 :
Book No. 75 :
Series of 2015.

JOVEN G. SIMEULLANO
NOTARY PUBLIC
COMMISSION NO. 0265-15 UNTIL DECEMBER 31, 2016
ROLL NO. 53970
IBP LIFETIME NO. 011302 RIZAL
PTR NO. 2277151; 1-5-15; MANDALUYONG
MCLE COMPLIANCE NO. IV - 0014990 23 APRIL 2013
METRO MART COMPLEX, MANDALUYONG CITY



Punongbayan & Araullo

An instinct for growthTM

Financial Statements and
Independent Auditors' Report

Lodestar Investment Holdings Corporation

December 31, 2014, 2013 and 2012

LODESTAR INVESTMENT HOLDINGS CORPORATION

7th Floor, Peaksun Bldg., Princeton Street corner Shaw Blvd., Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

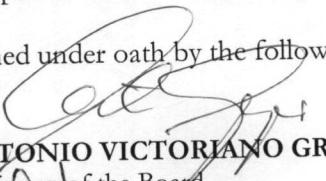
The management of **Lodestar Investment Holdings Corporation** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2014 in accordance with Philippine Financial Reporting Standards (PFRS), including the Schedule of PFRS and Interpretations Effective as of December 31, 2014.

Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

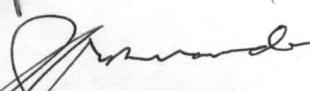
Signed under oath by the following


ANTONIO VICTORIANO GREGORIO III

Chairman of the Board


CHI HO CO

President


JOSE FRANCISCO MIRANDA

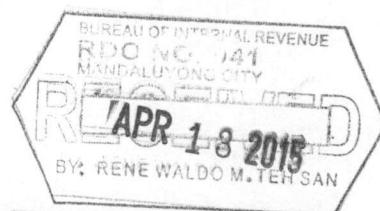
Chief Financial Officer

APR 08 2015

SUBSCRIBED AND SWORN to before me this _____ day of April 2015 affiants exhibiting to me

<u>NAME</u>	<u>ID NO.</u>
Antonio V.F. Gregorio III	TIN 201-897-602-000
Chi Ho Co	TIN 167-858-435-000
Jose Francisco Miranda	TIN 291-271-312-000

Doc No. 473
Page No. 91
Book No. V111



ATTY. TRIXIA THERESA B. REYES

Notary Public

Until December 31, 2015

PTR No. 2269571 / 01/05/15

Roll No. 60334 / IBP No. 892421



An instinct for growth™

Report of Independent Auditors

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

T +63 2 988 2288
F +63 2 886 5506
www.punongbayan-araullo.com

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

Report on the Financial Statements

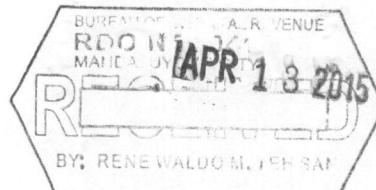
We have audited the accompanying financial statements of Lodestar Investment Holdings Corporation which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.





An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

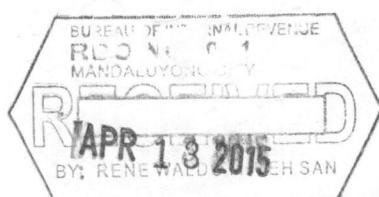
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lodestar Investment Holdings Corporation as at December 31, 2014 and 2013, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the Company has incurred net losses of P1,959,374, P3,230,677 and P20,040,221 for the years ended December 31, 2014, 2013 and 2012, respectively, and has accumulated deficit of P97,625,911 and P95,666,537 as of December 31, 2014 and 2013, respectively. These conditions raise material uncertainty on the Company's ability to continue as a going concern entity. However, as discussed in Note 1 to the financial statements, the Company is currently in the process of searching for possible mining opportunities. Moreover, the Company has a plan, which is still subject to shareholders' approval, to enter into a merger with Abacus Coal Exploration and Development Corporation as discussed in Note 16 to the financial statements. Consequently, the accompanying financial statements have been prepared assuming that the Company will continue as a going concern entity. We have performed sufficient audit procedures and obtained evidence to verify the validity of management plans and actions regarding this matter. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of assets and the amounts and settlement of liabilities that might result from the outcome of this uncertainty.

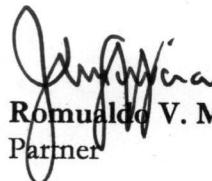




Report on Other Legal and Regulatory Requirements

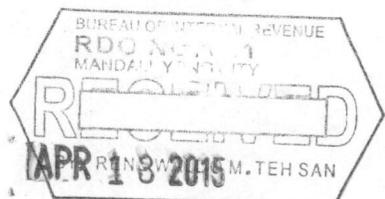
Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2014 required by the Bureau of Internal Revenue as disclosed in Note 18 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: 
Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 4748317, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-2 (until Sept. 5, 2016)
Firm - No. 0002-FR-3 (until Apr. 30, 2015)
BIR AN 08-002511-22-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

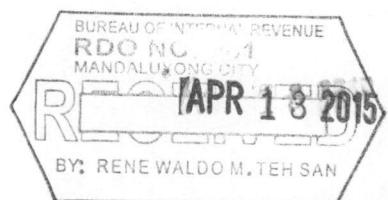
April 7, 2015



LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash	7	P 383,754	P 490,045
Advances to a stockholder	12	2,457,076	3,626,772
Other current assets	9	<u>4,030,665</u>	<u>3,979,688</u>
Total Current Assets		<u>6,871,495</u>	<u>8,096,505</u>
NON-CURRENT ASSETS			
Deposit for future stock investment	10	37,000,000	37,000,000
Office furniture - net		<u>3,670</u>	<u>7,121</u>
Total Non-current Assets		<u>37,003,670</u>	<u>37,007,121</u>
TOTAL ASSETS		<u>P 43,875,165</u>	<u>P 45,103,626</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		P 783,169	P 52,256
Advances from third parties	11	<u>3,049</u>	<u>3,049</u>
Total Current Liabilities		<u>786,218</u>	<u>55,305</u>
EQUITY			
Capital stock	13	74,000,000	74,000,000
Additional paid-in capital		66,714,858	66,714,858
Deficit		<u>(97,625,911)</u>	<u>(95,666,537)</u>
Total Equity		<u>43,088,947</u>	<u>45,048,321</u>
TOTAL LIABILITIES AND EQUITY		<u>P 43,875,165</u>	<u>P 45,103,626</u>

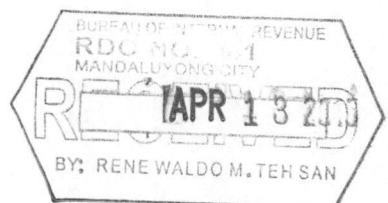
See Notes to Financial Statements.



LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012
		P -	P -	P -
REVENUE				
EXPENSES				
Legal fees	12	730,000	920,000	830,000
Professional fees		389,911	621,156	1,400,667
Salaries and wages	12	278,785	627,815	645,180
Membership dues		250,000	250,000	250,000
Directors' fees		116,667	138,889	116,667
Printing and office supplies		65,060	102,399	126,950
Representation		28,808	411,342	227,237
Taxes and licenses	18	15,075	11,812	11,604
Transportation and travel		5,357	59,683	243,941
Depreciation		3,452	10,758	30,090
Loss on sale of available-for-sale financial assets	8	-	-	15,724,330
Commission		-	-	187,364
Trustee fees		-	-	16,384
Others		76,869	<u>81,209</u>	<u>238,753</u>
		1,959,984	<u>3,235,063</u>	<u>20,049,167</u>
OPERATING LOSS		1,959,984	<u>3,235,063</u>	<u>20,049,167</u>
INTEREST INCOME	7	762	<u>5,483</u>	<u>11,183</u>
LOSS BEFORE TAX		1,959,222	<u>3,229,580</u>	<u>20,037,984</u>
TAX EXPENSE	15	152	<u>1,097</u>	<u>2,237</u>
NET LOSS		P 1,959,374	<u>P 3,230,677</u>	<u>P 20,040,221</u>
LOSS PER SHARE	14	P 0.003	<u>P 0.004</u>	<u>P 0.027</u>

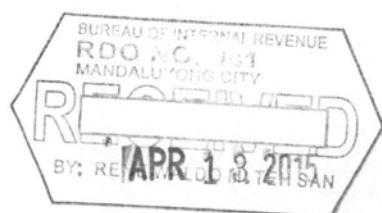
See Notes to Financial Statements.



LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Note	<u>2014</u>	<u>2013</u>	<u>2012</u>
NET LOSS		P 1,959,374	P 3,230,677	P 20,040,221
OTHER COMPREHENSIVE INCOME				
Reclassification adjustment due to disposal of available-for-sale financial assets	8	- _____	- _____	(_____ 9,278,628)
TOTAL COMPREHENSIVE LOSS		P 1,959,374	P 3,230,677	P 10,761,593

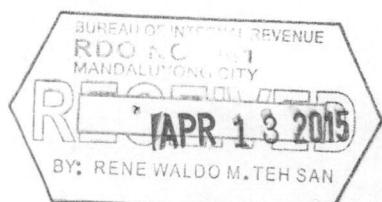
See Notes to Financial Statements.



LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(P	1,959,222	(P	3,229,580
Adjustments for:				
Depreciation		3,452	10,758	30,090
Interest income	7	(762)	(5,483)	(11,183)
Loss on sale of available-for-sale financial assets	8	- -	- -	15,724,330
Operating loss before working capital changes		(1,956,532)	(3,224,305)	(4,294,747)
Decrease (increase) in advances to a stockholder	12	(1,169,696)	450,000	(4,076,772)
Increase in other current assets		(50,978)	(80,463)	(1,374,297)
Increase (decrease) in accounts payable and accrued expenses		(730,913)	(55,641)	(1,696,519)
Decrease in advances from third parties		- -	- -	(1,083,209)
Cash used in operations		(106,901)	(2,910,409)	(12,525,544)
Interest received	7	(762)	5,483	11,183
Cash paid for final taxes	15	(152)	(1,097)	(2,237)
Net Cash Used in Operating Activities		(106,291)	(2,906,023)	(12,516,598)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of office furniture		- -	(10,357)	- -
Proceeds from sale of available-for-sale financial assets	8	- -	- -	14,333,898
Net Cash From (Used in) Investing Activities		- -	(10,357)	14,333,898
NET INCREASE (DECREASE) IN CASH		(106,291)	(2,916,380)	1,817,300
CASH AT BEGINNING OF YEAR		490,045	3,406,425	1,589,125
CASH AT END OF YEAR		P 383,754	P 490,045	P 3,406,425

See Notes to Financial Statements.



LODESTAR INVESTMENT HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Corporate Information

Lodestar Investment Holdings Corporation (the Company) was incorporated on January 3, 1974 and its shares are listed with the Philippine Stock Exchange (PSE). The Company's primary purpose is to engage as an investment holding company. At present, the Company has no commercial operations but is in the process of searching for mining opportunities.

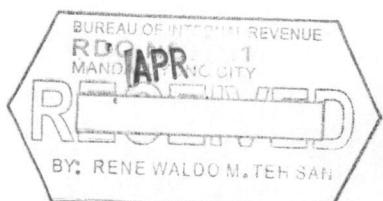
The Company's registered office is located at 3rd Floor, Certeza Building, 795 EDSA, Diliman, Quezon City, while its principal place of business is located at 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd., Wack Wack Greenhills East, Mandaluyong City.

1.2 Status of Operations

The Company has incurred net losses of P1,959,374, P3,230,677 and P20,040,221 for the years ended December 31, 2014, 2013 and 2012, respectively, and has accumulated deficit of P97,625,911 and P95,666,537 as of December 31, 2014 and 2013, respectively. These conditions raise uncertainty on the Company's ability to continue as a going concern entity. However, the Company is currently in the process of searching for possible mining opportunities. The Company's plan to enter into a merger with Abacus Coal Exploration and Development Corporation (ABACOAL) is still subject to shareholders' approval (see Note 16). Consequently, the financial statements have been prepared assuming that the Company will continue as a going concern entity. The financial statements do not include any adjustments relating to the recoverability and classification of assets and settlement of liabilities that might result from the outcome of this uncertainty.

1.3 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2014 (including the comparative financial statements for December 31, 2013) were authorized for issue by the Company's Audit Committee on April 7, 2015.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2014 that are Relevant to the Company

In 2014, the Company adopted for the first time the following amendments and interpretation to PFRS that are relevant to the Company and effective for financial statements for the annual period beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21	:	Levies

Discussed below are the relevant information about these amended standards and interpretation.

- (i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process will satisfy the criterion for net settlement. The amendment has been applied retrospectively in accordance with its transitional provisions. The Company assessed that the amendment will not have a significant impact on its financial statements since the Company does not have assets or liabilities that were offset or subject to master netting arrangements.

- (ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less cost of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement*, such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the financial statements. This amendment did not result in additional disclosures in the financial statements since the Company's non-financial assets were not impaired during the year.
- (iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*. The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Company neither enters into transactions involving derivative instruments nor does it applies hedge accounting, the amendment did not have any impact on the Company's financial statements.
- (iv) Philippine Interpretation IFRIC 21, *Levies*. This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, for the recognition of a liability for levy imposed by a government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the Company's financial statements.

(b) *Effective in 2014 that are not Relevant to the Company*

Among the amendments to PFRS which are effective for the annual period beginning on or after January 1, 2014, the Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*, in relation to the exception from consolidation for an investment entity of its investments in subsidiaries are not relevant to the Company.

(c) *Effective Subsequent to 2014 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards that are effective for annual periods subsequent to 2014 which are adopted by FRSC, subject to the approval of the BOA. Management will adopt the following relevant pronouncements in accordance with their transitional provisions, and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment further clarifies that, in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (ii) PAS 16 (Amendment), *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.
- (iii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
 - three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
 - an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
 - a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

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

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

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

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

The Company does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- (iv) Annual Improvements to PFRS. Annual improvements to PFRS (2010 – 2012 Cycle) and PFRS (2011 – 2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012 – 2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Company but management does not expect those to have material impact on the Company's financial statements:

Annual Improvements to PFRS (2010 – 2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment*. The amendments clarify that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity should and not the amounts of compensation paid or payable by the key management entity to its employees or directors.
- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment in the basis of conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvement to PFRS (2011 – 2013 Cycle)

PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

Annual Improvement to PFRS (2012 – 2014 Cycle)

PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

2.3 Financial Assets

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

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

The Company's financial assets categorized as loans and receivables include Cash and Advances to a Stockholder in the statement of financial position. Cash include cash on hand and demand deposits held to meet short-term cash commitments rather than for investment or other purposes.

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

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as Interest Income and Loss on Sale of AFS Financial Assets in the statement of profit or loss.

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

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

2.4 Deposit for Future Stock Investment

Deposit for future stock investment is carried in the financial statements at the amount of cash given when the deposit was made.

The carrying amount of the asset is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (see Note 2.11).

2.5 Other Current Assets

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

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

2.6 Office Furniture

Office furniture is stated at cost less accumulated depreciation and any impairment in value, if any.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

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

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than the estimated recoverable amount (see Note 2.11).

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

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

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

2.7 Financial Liabilities

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

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

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

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

2.8 Offsetting Financial Instruments

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

2.9 Provisions and Contingencies

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

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

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

2.10 Revenue and Expenses Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company, and the costs incurred or to be incurred can be measured reliably.

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

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

2.11 Impairment of Non-financial Assets

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

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

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

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

2.12 Income Taxes

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

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

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

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

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

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

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

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

2.13 Related Party Relationships and Transactions

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

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

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

2.14 Equity

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

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

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

2.15 Loss Per Share

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

2.16 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made judgment, apart from those involving estimation. Among those judgments, recognition of provisions and contingencies has the most significant effect on the amount recognized in the financial statements. This judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition of provisions and contingencies are discussed in Note 2.9 and disclosures on relevant provisions and contingencies are presented in Note 17.

3.2 Key Sources of Estimation Uncertainty

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

(a) Impairment of Advances to a Stockholder

Adequate amount of allowance for impairment is provided, where objective evidence of impairment exists. The Company evaluates this account based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the counterparty, the counterparty's 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 as at December 31, 2014 and 2013.

(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 of December 31, 2014 and 2013, the Company did not recognize its deferred tax asset arising from net operating loss carryover (NOLCO) as the Company may not have sufficient taxable profits against which the NOLCO can be applied (see Note 15).

(c) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.11). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management assessment, no impairment losses were recognized on the Company's deposit for future stock investment, office furniture and other non-financial assets in 2014 and 2013.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

4.1 Interest Rate Sensitivity

At December 31, 2014 and 2013, the Company is exposed to changes in market interest rates through its cash in bank, which are subject to variable interest rates (see Note 7). All other financial assets and liabilities have fixed rates.

These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

	2014		2013	
	+15	-15	+60	-60
Basis points				
Loss before tax	(P 568) P	568	(P 2,910) P	2,910
Equity	(568)	568	(2,910)	2,910

4.2 Credit Risk

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

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

	Notes	2014	2013
Cash	7	P 383,754	P 490,045
Advances to a stockholder	12.1	2,457,076	3,626,772
		P 2,840,830	P 4,116,817

The above represent the carrying amounts of financial assets of the Company categorized as loans and receivables. None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described in the succeeding page.

(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 to PDIC amounted to P5,000 in both years.

(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.

4.3 Liquidity Risk

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

As at December 31, the Company's financial liabilities having contractual maturities of less than twelve months are presented below.

	Note	2014	2013
Accounts payable and accrued expenses (excluding tax-related liabilities)		P 699,439	P 41,399
Advances from third parties	11	<u>3,049</u>	<u>3,049</u>
		<u>P 702,488</u>	<u>P 44,448</u>

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

5.1 Carrying Amounts and Fair Values by Category

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

	Notes	2014		2013	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>Financial assets</i>					
Loans and receivables:					
Cash	7	P 383,754	P 383,754	P 490,045	P 490,045
Advances to a stockholder	12.1	<u>2,457,076</u>	<u>2,457,076</u>	<u>3,626,772</u>	<u>3,626,772</u>
		<u>P 2,840,830</u>	<u>P 2,840,830</u>	<u>P 4,116,817</u>	<u>P 4,116,817</u>

Note	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>Financial liabilities</i>				
At amortized cost:				
Accounts payable and accrued expenses (excluding tax-related liabilities)	P 699,439	P 699,439	P 41,399	P 41,399
Advances from third parties	11 3,049	3,049	3,049	3,049
	P 702,488	P 702,488	P 44,448	P 44,448

See Notes 2.3 and 2.7 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

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

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

The level within which the 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 of December 31, 2014 and 2013.

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

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

Notes		2014				
		Level 1	Level 2	Level 3	Total	
<i>Financial Assets</i>						
Loans and receivables:						
Cash	7	P 383,754	P -	P -	P 383,754	
Advances to a stockholder	12.1	P -	P -	P 2,457,076	P 2,457,076	
		<u>P 383,754</u>	<u>P -</u>	<u>P 2,457,076</u>	<u>P 2,840,830</u>	
<i>Financial Liabilities</i>						
At amortized cost:						
Accounts payable and accrued expenses		P -	P -	P 699,439	P 699,439	
Advances from third parties	11	P -	P -	P 3,049	P 3,049	
		<u>P -</u>	<u>P -</u>	<u>P 702,488</u>	<u>P 702,488</u>	
2013						
Notes		Level 1	Level 2	Level 3	Total	
<i>Financial Assets</i>						
Loans and receivables:						
Cash	7	P 490,045	P -	P -	P 490,045	
Advances to a stockholder	12.1	P -	P -	P 3,626,772	P 3,626,772	
		<u>P 490,045</u>	<u>P -</u>	<u>P 3,626,772</u>	<u>P 4,116,817</u>	
<i>Financial Liabilities</i>						
At amortized cost:						
Accounts payable and accrued expenses		P -	P -	P 41,399	P 41,399	
Advances from third parties	11	P -	P -	P 3,049	P 3,049	
		<u>P -</u>	<u>P -</u>	<u>P 44,448</u>	<u>P 44,448</u>	

For cash, the fair value is included in Level 1 as the amount pertains to the quotation coming from the counterparty bank.

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

6. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern entity.

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 the 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 as of December 31 follows:

	<u>2014</u>	<u>2013</u>
Total liabilities	P 786,218	P 55,305
Total equity	<u>43,088,947</u>	<u>45,048,321</u>
Debt-to-equity ratio	<u>0.018 : 1.00</u>	<u>0.001 : 1.00</u>

As discussed in Note 1.2, the Company is in the process of searching for other mining opportunities. Moreover, its plan to enter into a merger with ABACOAL where the Company shall acquire the coal property and all other assets and liabilities of ABACOAL is still valid and subsisting but subject to the pre-requisite 2/3 majority vote of shareholders (see Note 16).

7. CASH

The Company's cash mainly comprises of cash in banks which generally earn interest based on daily bank deposit rates. Total interest income earned arising from these deposits amounted to P762, P5,483 and P11,183 in 2014, 2013 and 2012, respectively, and are presented as Interest Income in the statements of profit or loss.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

In 2012, the Company disposed its entire AFS financial assets at a selling price of P14.3 million. Accordingly, the cumulative fair value gains or losses recognized in other comprehensive income amounting to P9.3 million was reclassified from equity to profit or loss and presented as reclassification adjustment within other comprehensive income. Realized losses from the sale transaction, which include the reclassification adjustment from equity to profit and loss amounting to P9.3 million, totaled P15.7 million and is shown as Loss on Sale of Available-for-Sale Financial Assets in the 2012 statement of profit or loss.

9. OTHER CURRENT ASSETS

This account is composed of the following:

	Note	<u>2014</u>	<u>2013</u>
Input value-added tax (VAT)	18.1(b)	P 2,874,020	P 2,803,806
Advances to contractor		<u>1,108,560</u>	<u>1,103,520</u>
Others		<u>48,085</u>	<u>72,362</u>
		<u>P 4,030,665</u>	<u>P 3,979,688</u>

Advances to a contractor pertain to cash advances made to a certain contractor. The significant portion of the advances is in relation to a survey of a prospect coal project in 2012. These remained outstanding as of December 31, 2014 and 2013 as there was no progress in the project as of those dates.

10. DEPOSIT FOR FUTURE STOCK INVESTMENT

This account pertains to the amount of deposits made in 2009 to Abacus Consolidated Resources Holdings, Inc. (ACRHI) for the Company's 100% acquisition of ABACOAL, pursuant to the Agreement for Joint Investment executed by the Company and MUSX Corporation [MUSX and formerly Music Semiconductors Corporation (MSC)] on September 24, 2008 with certain amendments made on May 21, 2009 for the joint purchase by the Company and MUSX of the 100% of the issued and outstanding shares of ABACOAL held by ACRHI (see Note 16). As of December 31, 2014 and 2013, the deposit for future stock investment amounted to P37.0 million.

As of December 31, 2014 and 2013, the foregoing Agreement is still valid and binding between both parties (see Note 16.1). Moreover, management had determined that the amount carried in the statements of financial position is fully recoverable; hence, no impairment loss is recognized as of those dates.

11. ADVANCES FROM THIRD PARTIES

On May 31, 2009, the Company and Oriental Vision Mining Philippines Corporation (Orvi) entered into a Memorandum of Agreement (MOA) whereby Orvi will undertake exploration and development of a 7,000-hectare coal property in Surigao del Sur owned by ABACOAL. Under the MOA, Orvi shall have the right to explore, develop and operate the subject coal property in exchange for royalty fee at 8% of gross price per ton of any coal to be mined in the property. In addition, Orvi paid the Company P25,000,000 representing reimbursement of the Company's advances made and to be made to third parties related to the initial exploration and development of the coal property. Any settlement in excess of the P25,000,000 shall be collectible from Orvi and any excess of the P25,000,000 over the settlement made shall be payable to Orvi. The remaining outstanding liability as of December 31, 2014 and 2013 amounted to P3,049 and is shown as Advances from Third Parties in the statements of financial position.

12. RELATED PARTY TRANSACTIONS

The Company's related party includes its stockholder and key management personnel.

12.1 Advances to a Stockholder

In 2014 and 2013, the Company granted non-interest bearing advances to a stockholder for working capital purposes. The advances to the stockholder are unsecured and are due and demandable anytime. These advances are generally settled in cash.

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

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	P 3,626,772	P 4,076,772
Collections	(1,169,696)	(450,000)
Balance at end of year	<u>P 2,457,076</u>	<u>P 3,626,772</u>

Based on management's assessment, the outstanding balance of the Company's advances to a stockholder is not impaired as at December 31, 2014 and 2013; hence, no impairment loss is recognized during those years.

12.2 Legal Services

Legal services rendered by certain officers of the Company amounted to P730,000 in 2014, P920,000 in 2013 and P830,000 in 2012 and is presented as Legal Fees in the statements of profit or loss. There are no outstanding balances related to these transactions on those years.

12.3 Key Management Personnel Compensation

Key management personnel compensation amounted to P260,000 in 2014, P598,400 in 2013 and P626,600 in 2012 and is presented as part of Salaries and Wages in the statements of profit or loss.

13. CAPITAL STOCK

The Company's authorized capital stock consists of 1.0 billion shares at P0.10 par value per share. Issued and outstanding shares as of December 31, 2014, 2013 and 2012 consisted of 740.0 million shares equivalent to P74.0 million.

On May 26, 1989, the Philippine Securities and Exchange Commission (SEC) approved the listing of the Company's shares. As of December 31, 2014, 88.45% of the issued and outstanding shares are held by the public. Such listed shares closed at P0.62 per share as of December 29, 2014.

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

- (i) Proposed reduction in the par value of the shares of stock of the Company from P1.00 to P0.10 per share, resulting in a stock split of 10 shares for every one share issued and an increase in the number of authorized capital stock from 100.0 million shares to 1.0 billion shares. A share buy-back program was also adopted, which will depend on the Company's retained earnings and the market price of the Company's shares under such terms and conditions to be determined and set by the BOD.

- (ii) Proposed increase in the authorized capital stock of the Company from P100.0 million divided into 100.0 million shares at P1.00 par value per share to P300.0 million divided into 3.0 billion shares at P0.10 par value per share.
- (iii) Issuance of shares of stock from the proposed capital increase through pre-emptive stock rights offering. The pre-emptive stock rights offering shall be implemented on a 1:1 proportion, i.e., one share held by qualified stockholders entitled the said stockholders to subscribe to one share under the offering. The stock rights offer price shall be at par of P0.10, representing the reduced par value of the shares at the expected time of the stock rights offering, or at P1.00 if the stock rights offering happens at the time prior to the reduction in the par value of the shares.

The foregoing proposed transactions were approved by the Company's stockholders in their annual meeting on December 17, 2009. On September 14, 2010, the SEC approved the reduction in the par value of the shares of stock of the Company from P1.00 to P0.10. In effect, the authorized capital stock shall be P100.0 million divided into 1.0 billion shares.

Further, in a meeting held on November 3, 2010, the BOD and stockholders approved the proposed reduction in the par value of the shares of stock of the Company from P0.10 to P0.01 per share resulting in a stock split of ten shares for every one share owned. However, the reduction in par value has not been submitted to the SEC as of December 31, 2014.

14. LOSS PER SHARE

Loss per share is computed as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net loss	P 1,959,374	P 3,230,677	P 20,040,221
Divided by the weighted average number of outstanding common shares	<u>740,000,000</u>	<u>740,000,000</u>	<u>740,000,000</u>
Loss per share	<u>P 0.003</u>	<u>P 0.004</u>	<u>P 0.027</u>

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

15. INCOME TAXES

The tax expense shown in the statements of profit or loss pertains to the final tax on the interest income earned on the Company's cash in banks.

The Company has no regular corporate income tax or minimum corporate income tax because of its taxable loss and gross loss position in each of the three years in the period ended December 31, 2014.

The Company did not recognize any deferred tax asset from its NOLCO as of December 31, 2014 and 2013 since it is doubtful that the Company will have sufficient taxable profit against which the deferred tax assets can be utilized. The amounts of unrecognized deferred tax assets as of December 31, 2014 and 2013 amounted to P2,544,082 and P3,270,975, respectively.

The breakdown of NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred, is shown below.

<u>Year Incurred</u>		<u>Original Amount</u>		<u>Expired Balance</u>		<u>Remaining Balance</u>	<u>Valid Until</u>
2014	P	1,814,509	P	-	P	1,814,509	2017
2013		2,684,832		-		2,684,832	2016
2012		3,980,933		-		3,980,933	2015
2011		<u>4,237,485</u>		<u>4,237,485</u>		-	
	P	12,717,759	P	4,237,485	P	8,480,274	

In 2014, 2013 and 2012, the Company opted to continue claiming itemized deductions for income tax purposes.

16. AGREEMENT FOR JOINT INVESTMENT

16.1 Purchase of ABACOAL Shares

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

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

(a) Assignment of Investment Interests and Participation

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

(b) *Consideration for the Assignment*

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

(1) P12.0 million upon signing of the Agreement as and by way of reimbursement of certain expenses and payments already made by MUSX into the ABACOAL project; (2) P10.0 million on or before December 31, 2009, as and by way of reimbursement of the remainder of the expenses and payments already made and advanced by MUSX into the Project; (3) One-fourth percent (0.25%) of the gross coal price per ton based on FOB loaded to vessel payable within 5 days from receipt of payment by the Company, as and by way of Royalties in the project. These royalty payments are payable only for the period of the first five years of the operations of the ABACOAL project. The P12.0 million and P10.0 million are recorded as part of Deposit for Future Stock Investment in the statements of financial position. Moreover, the Company made an additional deposit amounting to P5.0 million as part of the pending acquisition by the Company of ABACOAL (see Note 10).

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 (see Note 10).

As of December 31, 2014 and 2013, this Agreement is still valid and binding between both parties (see Note 10).

16.2 Acquisition of Coal Property and Plan of Merger

On November 3, 2010, ABACOAL and the Company further revised the terms of the agreement. In the revised agreement, the Company shall acquire the Coal Property and all the other assets and liabilities of ABACOAL by and through a merger, with the Company as the surviving entity. By virtue of said merger, the Company shall issue 250,000,000 new common shares at a par value of P0.10 and an agreed issue value of P0.90 to ABACOAL. The Company undertakes to list the said shares with the PSE. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which ABACOAL and the Company agree 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 in the total amount of P75.0 million, payable as follows:

- P30.0 million advance deposit on ABACOAL's participation due on September 24, 2008, June 1, 2009 and June 8, 2009;

- Amounts to be paid upon and to be taken from the sale of the first production of coal products from the Coal Property:
 - a. P20.0 million upon consummation of said first sale of coal products; and,
 - b. P25.0 million payable thirty days from consummation of said first sale of coal products.

As of December 31, 2014, the merger between the Company and ABACOAL is not yet executed pending approval from the stockholders of both entities and no payment has been made to ABACOAL; however, the above agreements are still binding.

17. 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 of December 31, 2014, management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

18. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

18.1 Requirements Under Revenue Regulations (RR) 15-2010

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

(a) Output VAT

In 2014, the Company had no revenues earned subject to output VAT.

(b) Input VAT

The movement in input VAT is summarized below.

Balance at beginning of year	P 2,803,806
Services lodged under operating expenses	70,116
Goods other than for resale or manufacture	98
	<hr/>
Balance at end of year	P <u>2,874,020</u>

The balance of input VAT is presented as Input VAT under Other Current Assets account in the 2014 statement of financial position (see Note 9).

(c) *Taxes on Importation*

The Company did not incur or pay any customs duties and tariff fees as it did not have any importation in 2014.

(d) *Excise Tax*

The Company did not have any transaction in 2014 which is subject to excise tax.

(e) *Documentary Stamp Tax*

The Company had not paid or accrued documentary stamp tax in 2014.

(f) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2014 are shown below.

Expanded Compensation and benefits	P	96,778
	<u> </u>	<u>32,206</u>
	P	<u>128,984</u>

The Company has no transaction subject to final withholding taxes.

(g) *Taxes and Licenses*

The details of taxes and licenses presented in the Expenses section of the statement of profit or loss for the year ended December 31, 2014 follows:

Permits	P	12,097
Residence tax – basic and additional		1,413
Barangay clearance		1,065
Annual registration fee	<u> </u>	<u>500</u>
	P	<u>15,075</u>

(h) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2014, the Company does not have any final deficiency tax assessments with the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open years.

18.2 Requirements Under RR 19-2011

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

The amounts of taxable revenues, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR; hence, may not be the same as the amounts of revenues reflected in the 2014 statement of profit or loss.

(a) Taxable Revenues

The Company has no taxable revenue in 2014.

(b) Deductible Cost of Services

The Company has no deductible cost of services in 2014.

(c) Taxable Non-Operating and Other Income

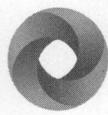
The Company has no taxable non-operating and other income in 2014.

(d) Itemized Deductions

The amounts of itemized deductions under the regular tax rate for the year ended December 31, 2014 are as follows:

Legal fees	P	730,000
Professional fees		389,911
Salaries and wages		278,785
Membership dues		250,000
Printing and office supplies		65,060
Taxes and licenses		15,075
Transportation and travel		5,357
Depreciation		3,452
Miscellaneous		<u>76,869</u>

P 1,814,509



Punongbayan & Araullo

An instinct for growth™ Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

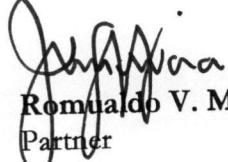
19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288
F +63 2 886 5506
www.punongbayan-araullo.com

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Lodestar Investment Holdings Corporation for the year ended December 31, 2014, on which we have rendered our report dated April 7, 2015. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: 
Romualdo V. Murcia III

Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 4748317, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-2 (until Sept. 5, 2016)
Firm - No. 0002-FR-3 (until Apr. 30, 2015)
BIR AN 08-002511-22-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 7, 2015

Certified Public Accountants
P&A is a member firm within Grant Thornton International Ltd
Offices in Cebu, Davao, Cavite
BOA/PRC Cert. of Reg. No. 0002
SEC Group A Accreditation No. 0002-FR-3

Lodestar Investment Holdings Corporation
List of Supplementary Information
December 31, 2014

Schedule	Content	Page No.
Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68		
A	Financial Assets	
	Financial Assets at Fair Value Through Profit or Loss	1
	Held-to-maturity Investments	1
	Available-for-sale Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Intangible Assets - Other Assets	4
E	Long-term Debt	5
F	Indebtedness to Related Parties	6
G	Guarantees of Securities of Other Issuers	7
H	Capital Stock	8
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	9
	Summary of Philippine Financial Reporting Standards Effective as of December 31, 2014	10
	Map Showing the Relationship Between the Company and its Related Entities	14
	Key Performance Indicators	15

Lodestar Investment Holdings Corporation
Schedule A - Financial Assets
December 31, 2014

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

N/A

Lodestar Investment Holdings Corporation

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2014

<i>Name and Designation of Debtor</i>	<i>Balance at Beginning of Year</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at End of Year</i>
			<i>Amounts Collected</i>	<i>Amounts Written-off</i>	<i>Current</i>	<i>Non - Current</i>	
Mr. Chi Ho Co <i>President</i>			P 3,626,772	P -	P 1,169,696	P -	P 2,457,076

Advances to a stockholder

P 3,626,772	P -	P 1,169,696	P -	P 2,457,076	P -	P 2,457,076
-------------	-----	-------------	-----	-------------	-----	-------------

The advances to the stockholder are unsecured and are demandable anytime. These advances are generally settled in cash.

Lodestar Investment Holdings Corporation
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2014

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

N/A

Lodestar Investment Holdings Corporation
Schedule D - Intangible Assets - Other Assets
December 31, 2014

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

N/A

Schedule E - Long-term Debt

December 31, 2014

<i>Title of Issue and Type of Obligation</i>	<i>Amount Authorized by Indenture</i>	<i>Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet</i>	<i>Amount Shown Under Caption "Long-term Debt" in related Statement of Condition</i>
			N/A

N/A

Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2014

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

N/A

Lodestar Investment Holdings Corporation
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2014

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

N/A

Lodestar Investment Holdings Corporation
Schedule H - Capital Stock
December 31, 2014

<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption</i>	<i>Number of Shares Reserved for Options, Warrants, Conversion and Other Rights</i>	<i>Number of Shares Held by</i>		
				<i>Related Parties</i>	<i>Directors, Officers and Employees</i>	<i>Others</i>
Common shares	1,000,000,000	740,000,000	-	-	45,000	739,955,000

Lodestar Investment Holdings Corporation
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2014

DEFICIT AT BEGINNING OF YEAR	(P	<u>95,666,537</u>)
Loss actually incurred during the year	(<u>1,959,374</u>)
DEFICIT AT END OF YEAR	(P	<u>97,625,911</u>)

LODESTAR INVESTMENT HOLDINGS CORPORATION
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendment 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 PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition**	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures (<i>effective when PFRS 9 is first applied</i>)*			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments* (<i>effective January 1, 2018</i>)			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendment to PFRS 10: Transition Guidance			✓
	Amendment to PFRS 10: Investment Entities			✓
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception (<i>effective January 1, 2016</i>)			✓
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Transition Guidance			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendment to PFRS 12: Transition Guidance			✓
	Amendment to PFRS 12: Investment Entities			✓
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception (<i>effective January 1, 2016</i>)			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts* (<i>effective January 1, 2018</i>)			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation**	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative * (<i>effective January 1, 2016</i>)			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans - Employee Contributions (<i>effective July 1, 2014*</i>)			✓
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 (Revised)	Separate Financial Statements			✓
	Amendment to PAS 27: Investment Entities			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendment to PAS 28: Investment Entities - Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial 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	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives** Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives**	✓ ✓		
IFRIC 10	Interim Financial Reporting and Impairment**	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction** Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**	✓ ✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers**	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies**	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
--	--	---------	-------------	----------------

Philippine Interpretations - Standing Interpretations Committee (SIC)

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

* These standards will be effective for periods subsequent to 2014 and are not early adopted by the Company.

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

LODESTAR INVESTMENT HOLDINGS CORPORATION
Map Showing the Relationship Between the Company and its Related Entities
December 31, 2014

N/A

LODESTAR INVESTMENT HOLDINGS CORPORATION
Key Performance Indicators
December 31, 2014

	2014	2013	2014	2013
a.) Current Ratio				
Current Assets	P 6,871,495	P 8,096,505	8.74	146.40
Current Liabilities	786,218	55,305		
b.) Quick Ratio				
Cash	383,754	490,045	0.49	8.86
Current Liabilities	786,218	55,305		
c.) Debt-to-equity Ratio				
Debt	786,218	55,305	0.02	0.00
Equity	43,088,947	45,048,321		
d.) Book value per share				
Equity	43,088,947	45,048,321	0.06	0.06
No. of Shares Outstanding	740,000,000	740,000,000		
e.) Net Profit Margin				
<i>Not applicable. The Company is in a net loss position in 2014 and 2013 since it has not yet started its commercial operations.</i>				
f.) Asset to Equity Ratio				
Asset	43,875,165	45,103,626	1.02	1.00
Equity	43,088,947	45,048,321		
g.) Interest Rate Coverage Ratio				
<i>Not applicable. The Company has no borrowings in 2014 and 2013.</i>				
h.) Gross Profit Margin				
<i>Not applicable. The Company has no revenue in 2014 and 2013 since it has not yet started its commercial operations.</i>				

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 7F, Peaksun Bldg., 1505 Princeton Street , Mandaluyong City
TEL. NO.: 928-9246 FAX NO.: 928-9246
COMPANY TYPE : Holding Company PSIC: _____

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

Table 1. Balance Sheet

FINANCIAL DATA	2014 (in P'000)	2013 (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)	43,875.00	45,103.00
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	6,871.00	8,096.00
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	384.00	490.00
A.1.1.1 On hand	5.00	5.00
A.1.1.2 In domestic banks/entities	379.00	485.00
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.

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 7F, Peaksun Bldg., 1505 Princeton Street, Mandaluyong City
TEL. NO.: 928-9246 FAX NO.: 928-9246
COMPANY TYPE : Holding Company PSIC:

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

Table 1. Balance Sheet

FINANCIAL DATA	2014 (in P'000)	2013 (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)	6,487.00	7,606.00
A.1.5.1 Advances to stockholder	2,457.00	3,627.00
A.1.5.2 Others	4,030.00	3,979.00
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)	4.00	7.00
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)	-67.00	-64.00
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		

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 7F, Peaksun Bldg., 1505 Princeton Street, Mandaluyong City
TEL. NO.: 928-9246 FAX NO.: 928-9246
COMPANY TYPE: Holding Company PSIC: _____

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

Table 1. Balance Sheet

FINANCIAL DATA	2014 (in P'000)	2013 (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)	37,000.00	37,000.00
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax		
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)		
A.10.4.1 Deposit for future stock investment	37,000.00	37,000.00
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)	786.00	55.00
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)	786.00	55.00
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)	786.00	55.00
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Trade Payables	783.00	52.00
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		
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)	3.00	3.00
B.1.1.6.1 Advances from third parties	3.00	3.00
B.1.1.6.2		
B.1.1.6.3		
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)		
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)		
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 7F, Peakson Bldg., 1505 Princeton Street , Mandaluyong City
TEL. NO.: 928-9246 FAX NO.: 928-9246
COMPANY TYPE : Holding Company PSIC: _____

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

Table 1. Balance Sheet

FINANCIAL DATA	2014 (in P'000)	2013 (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)	43,089.00	45,048.00
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	74,000.00	74,000.00
C.1.1 Common shares	74,000.00	74,000.00
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)		
C.3.1 Common shares		
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)		
C.6.1 Revaluation reserve on available-for-sale financial assets		
C.6.2		
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	(97,626.00)	(95,667.00)
C.8.1 Appropriated		
C.8.2 Unappropriated	(97,626.00)	(95,667.00)
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)	43,875.00	45,103.00

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 7F, Peaksun Bldg., 1505 Princeton Street, Mandaluyong City
TEL. NO.: 928-9246 FAX NO.: 928-9246
COMPANY TYPE : Holding Company PSIC: _____

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

Table 2. Income Statement

FINANCIAL DATA	2014 (in P'000)	2013 (in P'000)	2012 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	0.76	5.00	11.00
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)	0.76	5.00	11.00
A.4.1 Interest Income	0.76	5.00	11.00
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)			
A.4.3.1 Income from derecognition of advances from stockholder			
A.4.3.2			
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)			
A.4.4.1 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)	0.76	5.00	11.00

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.

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
 CURRENT ADDRESS: c/o 7F, Peaksun Bldg., 1505 Princeton Street , Mandaluyong City
 TEL. NO.: 928-9246 FAX NO.: 928-9246
 COMPANY TYPE : Holding Company PSIC: _____

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

Table 2. Income Statement

FINANCIAL DATA	2014 (in P'000)	2013 (in P'000)	2012 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	1,960.00	3,235.00	20,049.00
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)	1,960.00	3,235.00	20,049.00
E.4.1 Education-related expenditures			
E.4.2 Loss on sale of available-for-sale financial assets			15,724.00
E.4.3 Management fees			0.00
E.4.4 Professional fees	390.00	621.00	1,401.00
E.4.5 Salaries and wages	279.00	627.00	645.00
E.4.6 Legal fees	730.00	920.00	830.00
E.4.7 Dues and subscriptions	250.00	250.00	250.00
E.4.8 Directors' fees	117.00	139.00	117.00
E.4.9 Printing and office supplies	65.00	102.00	127.00
E.4.10 Others	129.00	576.00	955.00
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)	-1,959.24	-3,230.00	-20,038.00
H. INCOME TAX EXPENSE (negative entry)	-0.15	-1.00	-2.00
I. INCOME(LOSS) AFTER TAX	-1,959.39	-3,231.00	-20,040.00
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement 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	0.00	-0.03	-0.01
M.2 Diluted			

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION

CURRENT ADDRESS: c/o 7F, Peaksun Bldg., 1505 Princeton Street, Mandaluyong City

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

COMPANY TYPE Holding Company

PSIC: _____

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

Table 3. Cash Flow Statements

FINANCIAL DATA	2014 (in P'000)	2013 (in P'000)	2012 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	-1,959.24	-3,230.00	-20,038.00
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	3.45	10.00	30.00
Amortization, specify:			
Others, specify: Interest income	-0.76	-5.00	-11.00
Loss on available-for-sale financial assets			15,724.00
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables			
Inventories			
Other Current Assets	-50.97	-80.00	-1,374.00
Others, specify: Advances to stockholder	1,169.70	450.00	-4,077.00
Increase (Decrease) in:			
Trade and Other Payables	730.91	-56.00	-1,697.00
Income and Other Taxes Payable			
Others, specify: Advances from third parties	0.00	0.00	-1,083.00
Interest received	0.76	6.00	11.00
Cash paid for income taxes	-0.15	-1.00	-2.00
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	-106.30	-2,906.00	-12,517.00
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment			
Reductions/(Additions) to Property, Plant, and Equipment	0.00	-10.00	
Others, specify: Acquisition of available-for-sale financial assets			
Proceeds from sale of available-for-sale financial assets	0.00	0.00	14,334.00
Increase in deposit for future stock investment			
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	0.00	-10.00	14,334.00
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans			
Long-term Debt			
Issuance of Securities			
Others, specify: Additional advances from stockholders			
Proceeds from subscribed capital stock			
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)	0.00	0.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)			
Cash and Cash Equivalents	-106.30	-2,916.00	1,817.00
Beginning of year	490.00	3,406.00	1,589.00
End of year	383.70	490.00	3,406.00

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.

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION

CURRENT ADDRESS: c/o 7F, Peaksun Bldg., 1505 Princeton Street, Mandaluyong City

TEL. NO.: 928-9246

FAX NO.: 928-9246

COMPANY TYPE : Holding Company

PSIC: _____

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

Table 4. Statement of Changes in Equity

(Amount in P'000)

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Revaluation Increment	Translation Differences	Retained Earnings	TOTAL
A. Balance, 2012	74,000.00	66,715.00	0.00	0.00	-92,436.00	48,279.00
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					-3,231.00	-3,231.00
E. Dividends (negative entry)						
F. Appropriation for (specify)						
F.1						
F.2						
F.3						
F.4						
F.5						
G. Issuance of Capital Stock						0.00
G.1 Common Stock						
G.2 Preferred Stock						
G.3 Others						
H. Balance, 2013	74,000.00	66,715.00	0.00	0.00	-95,667.00	45,048.00
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					-1,959.00	-1,959.00
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						
N.2 Preferred Stock						
N.3 Others						
O. Balance, 2014	74,000.00	66,715.00	0.00	0.00	-97,626.00	43,089.00

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

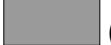
1. Report is Filed for the Year **December 31, 2014**
2. Exact Name of Registrant as Specified in its Charter **Lodestar Investment Holdings Corporation**
3. **7th Floor Peaksun Bldg., 1505 Princeton St., Mandaluyong City** **1555**
Address of Principal Office Postal Code
4. SEC Identification Number **0000054106** 5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number **200-751-430**
7. **(632) 9209306**
Issuer's Telephone number, including area code
8. **12 Jaime St., Carmel 1, Bahay Toro, Quezon City**
Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS.....	4
1) BOARD OF DIRECTORS	
(a) Composition of the Board.....	4
(b) Directorship in Other Companies.....	6
(c) Shareholding in the Company.....	7
2) CHAIRMAN AND CEO.....	7
3) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS.....	8
4) CHANGES IN THE BOARD OF DIRECTORS.....	10
5) ORIENTATION AND EDUCATION PROGRAM.....	13
B. CODE OF BUSINESS CONDUCT & ETHICS.....	13
1) POLICIES.....	13
2) DISSEMINATION OF CODE.....	16
3) COMPLIANCE WITH CODE.....	16
4) RELATED PARTY TRANSACTIONS	17
(a) Policies and Procedures.....	17
(b) Conflict of Interest.....	18
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	19
6) ALTERNATIVE DISPUTE RESOLUTION.....	19
C. BOARD MEETINGS & ATTENDANCE.....	20
1) SCHEDULE OF MEETINGS.....	20
2) DETAILS OF ATTENDANCE OF DIRECTORS.....	20
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS.....	20
4) ACCESS TO INFORMATION.....	20
5) EXTERNAL ADVICE.....	21
6) CHANGES IN EXISTING POLICIES.....	22
D. REMUNERATION MATTERS.....	22
1) REMUNERATION PROCESS.....	22
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS.....	22
3) AGGREGATE REMUNERATION	23
4) STOCK RIGHTS, OPTIONS AND WARRANTS.....	24
5) REMUNERATION OF MANAGEMENT.....	24
E. BOARD COMMITTEES.....	24
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES.....	24
2) COMMITTEE MEMBERS.....	24
3) CHANGES IN COMMITTEE MEMBERS.....	26
4) WORK DONE AND ISSUES ADDRESSED.....	26
5) COMMITTEE PROGRAM.....	27
F. RISK MANAGEMENT SYSTEM.....	27
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	27
2) RISK POLICY.....	28
3) CONTROL SYSTEM.....	28
G. INTERNAL AUDIT AND CONTROL.....	30
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	30
2) INTERNAL AUDIT	
(a) Role, Scope and Internal Audit Function.....	30

(b) Appointment/Removal of Internal Auditor.....	30
(c) Reporting Relationship with the Audit Committee.....	31
(d) Resignation, Re-assignment and Reasons.....	31
(e) Progress against Plans, Issues, Findings and Examination Trends.....	31
(f) Audit Control Policies and Procedures.....	31
(g) Mechanisms and Safeguards.....	32
H. RIGHTS OF STOCKHOLDERS.....	35
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	35
2) TREATMENT OF MINORITY STOCKHOLDERS.....	39
I. INVESTORS RELATIONS PROGRAM.....	39
J. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.....	40
K. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL.....	40
L. INTERNAL BREACHES AND SANCTIONS.....	41

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Seven (7)
---	-----------

Actual number of Directors for the year	Seven (7)
---	-----------

(a) Composition of the Board (as of 31 December 2014)

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Antonio Victoriano F. Gregorio III	ED		Chi Ho Co	05/15/2009	12/04/2013	Annual Meeting	5 years
Chi Ho Co	ED		Chi Ho Co	09/22/2008	12/04/2013	Annual Meeting	6 years
Leonardo S. Gayao	NED		Antonio VF Gregorio III	12/22/2010	12/04/2013	Annual Meeting	4 years
Jose Francisco E. Miranda	ED		Antonio VF Gregorio III	12/13/2012	12/04/2013	Annual Meeting	2 years
Manuel G. Acenas	NED		Chi Ho Co	12/13/2012	12/04/2013	Annual Meeting	2 years
Lam Kok Duen	ID		Jose Francisco E. Miranda	12/04/2013	12/04/2013	Annual Meeting	1 year
Felixes G. Latonero	ID		Chi Ho Co	04/13/2011	12/04/2013	Annual Meeting	3 years

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

In June 2013, to enable the Company to be more compliant with the strict requirements of corporate governance and put in place a set of standards that will serve as the Company's guiding principles; the Board of Directors of the Company approved its Manual of Corporate Governance and Code of Business Conduct and Ethics.

Lodestar Investment Holdings Corporation strives to become one of the leaders in its industry through the development and implementation of strategic plans, operating goals and objectives across its entire organization of competent directors, management and personnel.

The Manual of Corporate Governance (MCG), sets out the key principles, guidelines, mandates, roles, obligations and standards of best practices entailed of the Company's Board of Directors, Committees, and Management. all in the context of the ensuring that the stewardship responsibilities of the Company to its shareholders are performed within or subject to specific standards of care and competence.

The guidelines shall be an evolving set of corporate governance principles, subject to modification and updating as circumstances warrant. A Corporate Governance Committee will be created to ensure

¹ Reckoned from the election immediately following January 2, 2012.

compliance with the MCG and shall conduct periodic reviews after the close of audit once every year.

Overall, the guiding principles in the implementation, review and amendment of the MCG shall be:

1. Set out the roles and responsibilities of key persons such as Directors, Officers and Management of the Company following international standards;
2. Recognize the importance of regular reviews of ethics and performance
3. Explore avenues for improvement through the conduct of continuing education on relevant matters;
4. Ensure accountability; and
5. Instill values and practice efficiency and integrity among key persons

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.

The MCG mandates the Board to respect the rights of the stockholders as provided for in the Corporation Code, namely:

1. Right to vote on all matters that require their consent or approval;
2. Pre-emptive right to all stock issuances of the corporation;
3. Right to inspect corporate books and records;
4. Right to information;
5. Right to dividends; and
6. Appraisal right.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

(c) How often does the Board review and approve the vision and mission?

An annual review of the MCG will be conducted to determine compliance therewith. An annual review will also permit the Board to determine the relevance, importance and impact of the Company's mission and vision to its business operations.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

The Company has no subsidiary, affiliate or joint venture partner

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
N/A		

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Antonio Victoriano F. Gregorio III	Asiabest Group International Inc.	ED / Chairman
	NiHao Mineral Resources International Inc.	ED / Chairman
	Dizon Copper-Silver Mines, Inc.	ED
	Abacore Capital Holdings, Inc.	NED
	Minerales Industrias Corporation	NED
Chi Ho Co	Asiabest Group International Inc.	NED
	NiHao Mineral Resources International Inc.	NED
	Geograce Resources Philippines Inc.	ED
Jose Francisco E. Miranda	Asiabest Group International Inc.	ED
	Geograce Resources Philippines Inc.	ED
	Dizon Copper-Silver Mines, Inc.	ED
Leonardo S. Gayao	Dizon Copper-Silver Mines, Inc.	NED
	Abacore Capital Holdings, Inc.	ED
Felices Latonero	NiHao Mineral Resources International Inc.	ID

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Not applicable		

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company has not set any limits on the companies that a director may hold simultaneously. However, directors are expected to devote the time and attention necessary to properly and effectively perform their duties and responsibilities. They are also mandated to devote sufficient time to familiarize themselves with the corporation's business. They should be constantly aware of and knowledgeable with the corporation's operations to enable them to meaningfully contribute to the Board's work. They should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	No guidelines	
Non-Executive Director		
CEO		

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Antonio Victoriano F. Gregorio III	10,000		Nil
Chi Ho Co	10,000		Nil
Leonardo S. Gayao	1,000		Nil
Jose Francisco E. Miranda	2,000		Nil
Manuel Acenas	2,000		Nil
Lam Kok Duen	10,000		Nil
Felixes Latonero	10,000		Nil
TOTAL	45,000		Nil

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes

No

Identify the Chair and CEO:

Chairman of the Board	Antonio Victoriano F. Gregorio III
CEO/President	Chi Ho Co

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Facilitate and ensure the effective performance of the Board by leading it towards attaining its mission and realizing its vision. Effectively preside over Board meetings that the Board works as a cohesive team.	The President shall be the chief executive officers of the Company. He shall preside at all meetings of the stockholders and the Board of Directors, in the absence of the Chairman of the Board.
Accountabilities	Ensure that decision-making is done on the Board level through the use of processes and controls laid down in the MCG. In case of violation of the MCG, either directly, or by failure to report a violation, or by withholding information related to a	The President shall be the head of the Company and is the strategic and operational leader directly accountable to the Board for all corporate activities. In case of violation of the MCG, either directly, or by failure to report a

	violation, the Chairman may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Violations may also constitute violations of law and may result in criminal penalties and civil liabilities.	violation, or by withholding information related to a violation, the Chairman may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Violations may also constitute violations of law and may result in criminal penalties and civil liabilities.
Deliverables	<p>Foster a constructive board culture to ensure the effective and productive performance of the Board's oversight functions over management.</p> <p>Ensure that the members of the Board are timely, properly and accurately informed of developments in the Company.</p> <p>Promote independence in the decision-making of the members of the Board;</p> <p>Ensure that productive output and time management are recognized in Board meetings.</p> <p>Maintain a balance among the varying views of the members of the Board</p> <p>Defer matters that should properly be taken up and decided by management or the various committees.</p> <p>Maintain appropriate meeting decorum.</p> <p>Ensure effective communication with shareholders.</p> <p>Ensure constructive relations between the Board and management</p> <p>Promote high standards of corporate governance.</p>	<p>The President shall have general charge, direction and supervision of the business and affairs of the corporation as the Board of Directors may require and shall annually present a report of the preceding year's business at the annual stockholders meetings.</p> <p>He shall sign or countersign all certificates, contracts or other instruments of the Corporation, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation or shall be required by law otherwise to be signed or executed.</p> <p>He shall perform such other duties as are incident to his office or are properly required of him by the Board of Directors.</p>

- 3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

The Nomination Committee shall periodically review the Company's succession plans for the CEO and, as needed, make recommendations to the Board regarding the selection of individuals to fill this position. There shall be an annual report to the Board by the Nominating Committee on the Company's plans regarding CEO and other senior management succession planning.

An evaluation of the CEO's performance shall be made annually by the non-executive Directors based on objective and subjective criteria such as performance of the business, accomplishment of long-term strategic objectives, management development and organizational development.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. In its 2013 MCG, it is the Board's duty to install and implement a process for the selection of directors to

ensure a mix of competent directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

In addition to the minimum qualifications for directors, at least one Non-Executive Director should have experience in the sector or industry in which the Company belongs to. All Directors should understand the Company's business environment, devote sufficient time to familiarize themselves with the corporation's business and should be constantly aware of and knowledgeable with the corporation's operations to enable them to meaningfully contribute to the Board's work. They should be abreast with industry developments and business trends in order to promote the corporation's competitiveness.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

All members of the Board, whether executive, non-executive or independent should contribute to the Board's role of stewardship. They, as a board and individually, are mandated to take care of the interests of the shareholders and protect their investments through the implementation of sound corporate policies and plans.

	Executive	Non-Executive	Independent Director
Role	See immediately preceding explanation on the Board's role.	See immediately preceding explanation on the Board's role.	See immediately preceding explanation on the Board's role.
Accountabilities	A director's office is one of trust and confidence. He/ she shall act in a manner characterized by transparency, accountability, and fairness. He/ she should exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress.	A director's office is one of trust and confidence. He/ she shall act in a manner characterized by transparency, accountability, and fairness. He/ she should exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress.	A director's office is one of trust and confidence. He/ she shall act in a manner characterized by transparency, accountability, and fairness. He/ she should exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress.
Deliverables	To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions nor conflict with the interests of the Corporation. To devote time and attention necessary to properly discharge his/ her duties and responsibilities. To act judiciously; To exercise independent judgment To have a working knowledge of the statutory and regulatory requirements affecting	To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions nor conflict with the interests of the Corporation. To devote time and attention necessary to properly discharge his/ her duties and responsibilities. To act judiciously; To exercise independent judgment To have a working knowledge of the statutory and regulatory requirements affecting	To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions nor conflict with the interests of the Corporation. To devote time and attention necessary to properly discharge his/ her duties and responsibilities. To act judiciously; To exercise independent judgment To have a working knowledge of the statutory and regulatory requirements affecting

	the Corporation. To observe confidentiality To ensure the continuing soundness, effectiveness, and adequacy of the Corporation's control environment.	the Corporation. To observe confidentiality To ensure the continuing soundness, effectiveness, and adequacy of the Corporation's control environment.	the Corporation. To observe confidentiality To ensure the continuing soundness, effectiveness, and adequacy of the Corporation's control environment.
--	---	---	---

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence in reference to Independent Directors means independence from management and freedom from any business or other relationship which could, or could reasonably be perceived to, materially interfere with an Independent Director's exercise of independent judgment in carrying out his/ her responsibilities as a director of the corporation.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

To ensure that the objectivity and impartiality of an independent director is not compromised, an independent director shall be ineligible for nomination and re-election, after serving the Company for five (5) consecutive years. However, after a "cooling off" period of two (2) years such person should not engage in any activity that, under the Securities Regulation Code and other relevant rules, disqualifies him from being elected as an independent director. Re-election of a person who has served as an independent director for five years is allowed after the mandatory two-year cooling-off period. Upon reelection, such person may serve as an independent director for another four consecutive years. After serving for ten (10) years, a person is perpetually barred from serving as an independent director, without prejudice to his being elected as such in other companies outside the Company.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

There is no change in the composition of the Board of Directors for the period in view of the non-holding of the 2014 Annual Stockholders Meeting. All directors for 2013-2017 stayed on holdover capacity.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Election		
Applicable to all Executive, non-executive and Independent Directors	All nominations for directors shall be submitted in writing to the Secretary of the Corporation not earlier than forty (40) days or later than twenty (20) days prior to the date of the regular or special meeting of stockholders. Only stockholders of record are entitled to nominate	A nominee for director should have the following minimum qualifications: a. College education or equivalent academic degree; b. Practical understanding of the

	<p>Any registered stockholder may be nominated and elected to the Board of Directors.</p> <p>The Nomination Committee, by majority vote, shall pass upon the qualification of the nominee to the Board.</p> <p>Approval for nomination of directors shall be conducted by the Nomination Committee prior to the annual shareholders' meeting.</p> <p>All nomination shall be signed by the nominating shareholders together with the acceptance and conformity of the nominees.</p> <p>The Nomination Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors.</p> <p>The Final List of Candidates shall be disclosed in the reports required by law, rules and regulations to be submitted to the SEC and to all shareholders;</p>	<p>business of the corporation;</p> <p>c. Membership in good standing in relevant industry, business or professional organizations; and</p> <p>d. Vast and successful business experience.</p> <p>The members of the Board shall be elected from a list of nominees who have been identified, screened and recommended for election by the Nominations Committee. Nominees shall be selected on the basis of the set of criteria and other relevant factors as laid down in the Manual of Corporate Governance.</p> <p>It is in the best interests of the Company and its shareholders to obtain highly qualified individuals to serve on the Board. The Nomination Committee will also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.</p>
b. Re-election		
(i) Executive Directors		The same criteria are applied as above. In determining whether a Director should stand for re-election, appropriate consideration shall be given to the Director's attendance at Board meetings and his or her performance as a Director
(ii) Non-Executive Directors		
(iii) Independent Directors	All Directors standing for re-election have to undergo the Nomination process again and be subjected to the same procedures as if standing for election the first time.	
c. Permanent Disqualification		
(i) Executive Directors	Nominees who possess any of the permanent disqualifications provided under the MCG will not be eligible for election.	
(ii) Non-Executive Directors		The criteria applied are the same grounds for permanent disqualification of directors.
(iii) Independent Directors	Should grounds for permanent disqualification of a sitting director exist, the Board will	

	convene to vote on the removal of a director in accordance with the Corporation Code, Securities Regulation Code and other laws	
d. Temporary Disqualification		
(i) Executive Directors	Nominees who possess any of the temporary disqualifications provided under the MCG will not be eligible for election.	
(ii) Non-Executive Directors		
(iii) Independent Directors	Should grounds for temporary disqualification of a director exist, the Board will convene to inform the director of the existence of the ground. A temporarily disqualified director shall, within sixty (6) business days from such disqualification, take appropriate action to remedy or correct the disqualification. If he/ she fail to do so for unjustified reasons, the disqualification shall become permanent.	The criteria applied are the same grounds for permanent disqualification of directors.
e. Removal		
(i) Executive Directors	Should grounds for removal exist, the Board will convene to vote on the removal of a director in accordance with the Corporation Code, Securities Regulation Code and other laws.	A final finding on the existence of grounds as well as the procedure to be followed for removal should be in accordance with the Corporation Code
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	Re-instatement will no longer be possible as removal can only be done based on grounds for permanent disqualification and removal from office. The removal should be permanent.	The Board will follow the criteria mandated by the Corporation Code on removal of directors.
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received*
Antonio Victoriano F. Gregorio III	370,790,986 (50.10%)
Chi Ho Co	370,790,986 (50.10%)
Leonardo S. Gayao	370,790,986 (50.10%)
Jose Francisco E. Miranda	370,790,986 (50.10%)
Manuel G. Acenas	370,790,986 (50.10%)
Felices G. Latonero	370,790,986 (50.10%)

Lam Kok Duen**	
----------------	--

*The votes received by the Board of Directors were during the last Annual Stockholders Meeting held last 13 December 2012. There were no Annual Stockholders' Meeting held for 2013 and 2014 for lack of quorum required.

**Mr. Lam Kok Duen was elected as Independent Director last 4 December 2013.

6) Orientation and Education Program

Disclose details of the company's orientation program for new directors, if any.

- (a) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

The Company held an in-house Corporate Governance Seminar in 15 December 2014.

- (b) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Antonio Victoriano F. Gregorio III	12/15/2014	Corporate Governance Seminar	Risks, Opportunities, Assessment & Management (ROAM), Inc.
Chi Ho Co			
Jose Francisco E. Miranda			
Leonardo S. Gayao			
Venus L. Gregorio			

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>May not act as directors, officers, employees, consultants, agents or investors of entities that are competitors, suppliers or customers of the Company.</p> <p>The Company respects its Director's right to privacy in their personal activities and financial affairs. It is the responsibility of each Director to ensure that his or her personal conduct complies with the following principles and make the proper disclosures, whenever applicable, to allow the</p>	<p>May not act as directors, officers, employees, consultants, agents or investors of entities that are competitors, suppliers or customers of the Company.</p> <p>May not engage in independent business ventures or agree to perform services for other businesses if the activity interferes with an employee's devotion of time and effort to the conduct of the Company's business or otherwise affects his or her</p>	<p>May not act as directors, officers, employees, consultants, agents or investors of entities that are competitors, suppliers or customers of the Company.</p> <p>May not engage in independent business ventures or agree to perform services for other businesses if the activity interferes with an employee's devotion of time and effort to the conduct of the Company's business or otherwise affects his or her</p>

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	Company to determine and address conflicts of interests issues.	ability to work effectively.	ability to work effectively.
(b) Conduct of Business and Fair Dealings	<p>The Company believes in dealing fairly with its competition and other stakeholders. The Company requires its directors, officers and employees to avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.</p>	<p>The Company believes in dealing fairly with its competition and other stakeholders. The Company requires its directors, officers and employees to avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.</p>	<p>The Company believes in dealing fairly with its competition and other stakeholders. The Company requires its directors, officers and employees to avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.</p>
(c) Receipt of gifts from third parties	<p>May not use their position to derive or secure any personal, financial or other benefit for themselves or their relatives.</p> <p>May not solicit and/or accept any gift or favor from any competitor, supplier or customer except to the extent customary and reasonable in amount and not in consideration for any improper action by the recipient. Finally, the offering or accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction is strictly prohibited.</p> <p>Gifts and business courtesies offered or given by reason of, or in connection with a position or employment in the Company should be avoided.</p>	<p>May not use their position to derive or secure any personal, financial or other benefit for themselves or their relatives.</p> <p>May not solicit and/or accept any gift or favor from any competitor, supplier or customer except to the extent customary and reasonable in amount and not in consideration for any improper action by the recipient. Finally, the offering or accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction is strictly prohibited.</p> <p>Gifts and business courtesies offered or given by reason of, or in connection with a position or employment in the Company should be avoided.</p>	<p>May not use their position to derive or secure any personal, financial or other benefit for themselves or their relatives.</p> <p>May not solicit and/or accept any gift or favor from any competitor, supplier or customer except to the extent customary and reasonable in amount and not in consideration for any improper action by the recipient. Finally, the offering or accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction is strictly prohibited.</p> <p>Gifts and business courtesies offered or given by reason of, or in connection with a position or employment in the Company should be avoided.</p>
(d) Compliance with Laws & Regulations	Maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties.	Maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties.	Maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties.

(e) Respect for Trade Secrets/Use of Non-public Information	<p>During the normal course of business, directors, officers and employees may have access to non-public information regarding the Company's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. These information are key corporate assets and they have an obligation to protect them and keep them in the strictest confidence, until disclosure is authorized or actually effected</p>	<p>During the normal course of business, directors, officers and employees may have access to non-public information regarding the Company's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. These information are key corporate assets they have an obligation to protect them and keep them in the strictest confidence, until disclosure is authorized or actually effected</p>	<p>During the normal course of business, directors, officers and employees may have access to non-public information regarding the Company's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. These information are key corporate assets and they have an obligation to protect them and keep them in the strictest confidence, until disclosure is authorized or actually effected</p>
(f) Use of Company Funds, Assets and Information	<p>Except as otherwise permitted in the Code of Business Ethics, employees, officers and directors, may not take for themselves opportunities that are discovered through the use of the Company's resources, information or position; use the Company's property, information, or position for personal purposes; nor compete with the Company either directly or indirectly.</p>	<p>Except as otherwise permitted in the Code of Business Ethics, employees, officers and directors, may not take for themselves opportunities that are discovered through the use of the Company's resources, information or position; use the Company's property, information, or position for personal purposes; nor compete with the Company either directly or indirectly.</p>	<p>Except as otherwise permitted in the Code of Business Ethics, employees, officers and directors, may not take for themselves opportunities that are discovered through the use of the Company's resources, information or position; use the Company's property, information, or position for personal purposes; nor compete with the Company either directly or indirectly.</p>
(g) Employment & Labor Laws & Policies	<p>It is the Company's policy to comply with all applicable laws and regulations, including those concerning hours of work, compensation, opportunity, human rights and working conditions. These principles, as well as compliance thereto, implementation and application shall be entrenched in the Director's Manual and Employees' Handbook of the Company.</p>	<p>It is the Company's policy to comply with all applicable laws and regulations, including those concerning hours of work, compensation, opportunity, human rights and working conditions. These principles, as well as compliance thereto, implementation and application shall be entrenched in the Director's Manual and Employees' Handbook of the Company.</p>	<p>The Company's most important resource is its employees. It is the Company's policy to comply with all applicable laws and regulations, including those concerning hours of work, compensation, opportunity, human rights and working conditions. These principles, as well as compliance thereto, implementation and application shall be entrenched in the Director's Manual and Employees' Handbook of the Company.</p>
(h) Disciplinary action	<p>In addition to the Code on Business Conduct and Ethics, the Company will also set in place, a</p>	<p>In addition to the Code, the Company will also set in place, an Employee's</p>	<p>In addition to the Code, the Company will also set in place, an Employee's</p>

	Director's Manual which will govern the human resources aspects of the Director's conduct as well as provide for the specific disciplinary actions and procedures for such.	Handbook which will govern the human resources aspects of the employee's conduct as well as provide for the specific disciplinary actions and procedures for such.	Handbook which will govern the human resources aspects of the employee's conduct as well as provide for the specific disciplinary actions and procedures for such.
(i) Whistle Blower	The Board and its directors, shall promptly report any known or suspected violations of this Code to the Chairman of the Governance Committee. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.	The CEO, senior financial officers and chief legal officer shall promptly report any known or suspected violations of this Code to the Chairman of the Governance Committee. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.	Employees should communicate any such possible violation of rules to Management. Employees may also report questionable behavior in the same manner as they may report complaints regarding accounting, internal accounting controls or auditing matters to the Company's auditors. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.
(j) Conflict Resolution	If the Governance Committee determines that the Code has been violated, the offending director, officer or employee may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include censure, demotion or re-assignment, suspension or all or combination of the foregoing. Violations of the Code may also constitute violations of law and may result in criminal penalties and civil liabilities.	If the Governance Committee determines that the Code has been violated, the offending director, officer or employee may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include censure, demotion or re-assignment, suspension or all or combination of the foregoing. Violations of the Code may also constitute violations of law and may result in criminal penalties and civil liabilities.	If the Governance Committee determines that the Code has been violated, the offending director, officer or employee may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include censure, demotion or re-assignment, suspension or all or combination of the foregoing. Violations of the Code may also constitute violations of law and may result in criminal penalties and civil liabilities.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The CEO, as head of management, implements the Code of Business Conduct and Ethics.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	All Related-Party Transactions must be brought to the Management's attention. On an annual basis, each of the directors and executive officers are required to complete a questionnaire designed to elicit information about any potential Related-Party Transactions.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	<p>Any potential Related-Party Transaction that is raised will be analyzed by the Company's Legal Department, in consultation with management and, whenever warranted, the Company's external auditor. The team will determine whether the transaction or relationship does, in fact, constitute a Related-Party Transaction requiring compliance with this Policy.</p> <p>At each of its meetings, the Audit Committee will be provided with the details of each existing or proposed Related-Party Transaction that it has not previously approved or disapproved with the following information:</p> <ul style="list-style-type: none"> a. the terms of the transaction; b. the business purpose of the transaction; c. benefits to the Company and to the relevant director, executive officer or employee. <p>In the event the Legal Department determines that it is impractical or undesirable to wait until the next Committee meeting to review a Related-Party Transaction, the Chairman of the Audit Committee may act on its behalf to review and approve the Related-Party Transaction. In determining whether to approve a Related-Party Transaction, considerations should be placed on whether the terms of the Related-Party Transaction are fair to the Company or on terms at least equally favorable as would apply if the other party was not or did not have an affiliation with a director, executive officer or employee of the Company. In addition, the following parameters must be applied in the approval of Related Party Transactions:</p> <ul style="list-style-type: none"> • There should be good demonstrable business reasons for the Company to enter into the Related Party Transaction; • The Related-Party Transaction should not impair the independence of a director; and • The Related-Party Transaction should not present an

	improper conflict of interests for any director, executive officer or employee of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or employee, the direct or indirect nature of the interest of the director, executive officer or employee in the transaction, the ongoing nature of any proposed relationship, and any other relevant factors.
--	--

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

Details of Conflict of Interest (Actual or Probable)	
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

Directors/Officers/Significant Shareholders	
Company	<p>The company has formulated policies to prevent conflict of interests between the Company, its Board, individual directors, officers, and employees. Thus, they may not:</p> <ul style="list-style-type: none"> • act as directors, officers, employees, consultants or agents of entities that are competitors, suppliers or customers of the Company; • engage in independent business ventures or agree to perform services for other businesses if the activity interferes with an employee's devotion of time and effort to the conduct of the Company's business or otherwise affects his or her ability to work effectively; • use their position as an employee of the Company to derive or secure any personal, financial or other benefit for themselves or their relatives. <p>The Board, individual directors, officers, and employees are expected to report to the Company any personal interests which conflict or may conflict with the interests of the Company. This prohibition applies to the immediate families members and other members of their household. For the avoidance of doubt, activities which are likely to fall under the prohibitions must be reported to the Company for a determination of whether or not conflict of interest indeed</p>

	exists. The Company has no policy on conflict of interest with significant shareholders.
Group	None

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

None.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

None.

Names of Related Significant Shareholders	Type of Relationship	Brief Description

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

None.

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Alternative Dispute Resolution System	
Corporation & Stockholders	The Board is mandated to establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders, and the Corporation and third parties, including the regulatory authorities. As most alternative dispute resolutions are contractual in nature, the Company will always strive to provide provisions for such dispute resolution in
Corporation & Third Parties	
Corporation & Regulatory Authorities	

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

	contracts that it enters into.
--	--------------------------------

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

No. Quarterly meetings will be called at a date to be determined by the President when the reportorial requirements needing review and approval are prepared for the Board's information and reference. All other meetings will be scheduled at a date to be determined depending on the expediency and requirements of the matters that need to be approved.

2) Attendance of Directors for 31 December 2014

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Antonio Victoriano F. Gregorio III	12/04/2013	4	4	100
Member	Chi Ho Co	12/04/2013	4	4	100
Member	Leonardo S. Gayao	12/04/2013	4	4	100
Member	Jose Francisco E. Miranda	12/04/2013	4	4	100
Member	Manuel G. Acenas	12/04/2013	4	2	50
Independent	Lam Kok Duen	12/04/2013	4	0	0
Independent	Felixes Latonero	12/04/2013	4	3	75

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

None.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

No. Only majority is required as per the minimum requirement of the Corporation Code.

5) Access to Information

(a) How many days in advance are board papers for board of directors meetings provided to the board?

Board papers are provided to the directors at least two (2) days in advance.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary should:

- a. Work fairly and objectively with the Board, Management and stockholders;
- b. Have appropriate administrative and interpersonal skills;
- c. Have a working knowledge of the operations of the corporation;
- d. Ensure that all Board procedures, rules and regulations are strictly followed by the members;
- e. keep the minutes of the meetings of the stockholders, the Board of Directors, the Executive Committee and all the standing committees and shall compile them in book form as part of the corporate records of the Corporation;

- f. issue all notices for all meetings required by law and by these by-laws;
- g. have in his custody the corporate records and the seal of the Corporation and see to it that his seal is affixed on all contracts, deeds, agreements and other documents the execution of which on behalf of the Corporation is duly authorized;
- h. keep the record of the address of each stockholders;
- i. sign with the President or with a Vice-President stock certificates for the shares of the Corporation, the issuance of which shall have been authorized by the Board of Directors;
- j. have general charge of the stock transfer books of the Corporation; and
- k. perform all duties incident to the office of Secretary and such other duties from time to time may be assigned to him by the President or by the Board of Directors.

The Corporate Secretary is responsible for the timely and proper distribution of notices, agenda and other relevant meeting materials for discussion during the pertinent board meeting through the recognized modes of transmission of information ie., personal delivery, fax, mail of courier. Receipt should be ensured to allow for ample review by the members of the Board to enable them to fully comprehend the matters to be discussed during the relevant meeting.

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The Company secretary is a corporate lawyer who also has ample knowledge in finance.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes

No

Committee	Details of the procedures
Executive	The relevant meeting materials are prepared and distributed by the Secretary who acts as the Secretariat to all Committees. Directors can get any information from the Secretary through a request duly made.
Audit	
Nomination	
Remuneration	
Others (specify)	Management shall be responsible for assuring that, as a general rule, information and data that are important to the Board's understanding of the Company's business and to all matters expected to be considered and acted upon by the Board be distributed in writing to the Board sufficiently in advance of each Board meeting and each action to be taken by written consent to provide the Directors a reasonable time to review and evaluate such information and data. Management shall make every attempt to see that this material is as concise as possible while still providing the desired information. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

The Board, any Board Committee or group of Independent Directors, as appropriate, and after discussion with the Chairman, and at the expense of the Company, may retain the services of legal counsel, accountants, auditors or any other independent professional advisors to assist on matters involving their

responsibilities as Board or Board Committee members and the Chairman and CEO shall be promptly advised of any such engagement unless the Chairman, as applicable, believes that special circumstances exist where it would not be appropriate to provide such advice. The Company shall have in place procedures to assure that funding is made available to meet the fees and expenses of any such person or firm so retained.

Procedures	Details
None. Any member of the Board or Committee will submit its request to the Board which will discussed on a case to case basis.	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
Creation of a new Manual of Corporate Governance	Embodies substantial changes in most aspects of corporate governance	To provide the guidelines and standards of governance compliant with the SEC's expectations as appearing from the ACGR of 2013.

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

The Company does not pay any salaries to any management officers except per diem allowance when they attend board meetings.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	NA	The Board determined the salary of one employee based on qualification.
(2) Variable remuneration	NA	NA
(3) Per diem allowance	The test of reasonableness is applied as per diems are not considered regular remunerations.	The test of reasonableness is applied as per diems are not considered regular remunerations.
(4) Bonus	NA	NA
(5) Stock Options and other financial instruments	NA	NA
(6) Others (specify)	NA	NA

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

The Company does not pay any remuneration to directors except per diem allowances during board meetings.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	NA	NA	NA
Non-Executive Directors	NA	NA	NA

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

The Company does not pay any remuneration to directors except per diem allowances during board meetings.

Remuneration Scheme	Date of Stockholders' Approval
NA	NA

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	NA	NA	NA
(b) Variable Remuneration	NA	NA	NA
(c) Per diem Allowance	94,444	16,667	5,555
(d) Bonuses	NA	NA	NA
(e) Stock Options and/or other financial instruments	NA	NA	NA
(f) Others (Specify)	NA	NA	NA
Total	94,444	16,667	5,555

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	NA	NA	NA
2) Credit granted	NA	NA	NA
3) Pension Plan/s Contributions	NA	NA	NA
(d) Pension Plans, Obligations incurred	NA	NA	NA
(e) Life Insurance Premium	NA	NA	NA
(f) Hospitalization Plan	NA	NA	NA
(g) Car Plan	NA	NA	NA
(h) Others (Specify)	NA	NA	NA

Total			
-------	--	--	--

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

There are no existing policies on stock rights, options, warrants over the Company's shares.

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
NA	NA	NA	NA	NA

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

The Company has no incentive program in place.

Incentive Program	Amendments	Date of Stockholders' Approval
NA	NA	NA

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
NA	NA

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Please see attached Exhibit A.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee

Chairman (ED)	Antonio VF Gregorio III	06/20/2013				2 years
Member (ED)	Chi Ho Co	06/20/2013				2 years
Member (NED)	Leonardo S. Gayao	06/20/2013				2 years
Member (ID)	Felixes G. Latonero	09/01/2013				2 years
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Felixes Latonero	09/01/2013	3	2	67	1 year
Member (ED)	Antonio VF Gregorio III	02/21/2011	3	3	100	3 years
Member (ED)	Chi Ho Co	12/13/2012	3	3	100	2 years
Member (ID)						
Member						
Member						

Disclose the profile or qualifications of the Audit Committee members.

The members of the Audit Committee shall preferably have accounting and finance background, one of whom shall be an Independent Director and another should have related audit experience. The Chairman of the Audit Committee should be an Independent Director. He should be responsible for inculcating in the minds of the members of the Board the importance of the management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee shall have the following functions relative to the external auditor:

- a. Provide oversight of the Corporation's external auditors;
- b. Review and approve audit scope and frequency, and the annual internal audit plan;
- c. Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- d. Consider the appointment of an independent external auditor, the audit fee and any question of resignation or dismissal;
- e. Receive and review reports of the external auditor and regulatory agencies, where applicable and ensure that management is taking appropriate corrective actions, in timely manner in addressing control and compliance functions with regulatory agencies;
- f. Review the quarterly, half year and annual financial statements before submission to the Board, focusing particularly on any change/s in accounting policies and practices;

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee

Chairman (ED)	Antonio VF Gregorio III	10/30/2012	1	1		2 years
Member (ED)	Chi Ho Co	10/30/2012	1	1		2 years
Member (NED)						
Member (ID)	Felices Latonero	10/30/2012	1	1		2 years
Member						

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Felices G. Latonero	09/01/2013	0	0		1 year
Member (ED)						
Member (NED)						
Member (ID)						
Member	Leonardo S. Gayao	12/13/2012	0	0		2 years
Member	Jose Francisco Miranda	12/13/2012	0	0		2 years

(e) Governance Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Felices G. Latonero	09/01/2013	0	0		1 year
Member (ED)						
Member (NED)	Leonardo S. Gayao	06/20/2013	0	0		1 year
Member (ID)						
Member						
Member						

(f) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Felices G. Latonero	09/01/2013	0			1 year
Member (ED)	Antonio VF Gregorio III	06/20/2013	0			1 year
Member (ED)	Jose Francisco E. Miranda	06/20/2013	0			1 year
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive		
Audit		
Remuneration		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive		
Audit	Issuance of the Audited Financial statements of the group	No major issues were addressed.
Nomination	Screening and nomination of the directors prior to the Annual Stockholders' Meeting in December 2014.	No major issues were addressed.
Remuneration	None, as the company has no employees.	
Others (specify)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit	Install an internal audit system. Prepare an audit plan for the year.	Needs time to prepare the required documents.
Nomination	Prepare a Nomination Committee Charter.	Needs time to prepare the required documents.
Remuneration	Prepare a Remuneration Committee Charter.	Needs time to prepare the required documents.
Governance Committee	Prepare manuals, charters needed for the proper implementation of the Manual on Corporate Governance.	Needs time to prepare the required documents.
Risk Management Committee	Prepare manuals, charters needed for the proper implementation of the programs on risk management.	Needs time to prepare the required documents.

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

- (a) Overall risk management philosophy of the company;

The 2013 Manual on Corporate Governance provides that

"The Board and its subsidiaries recognize the importance of identifying and controlling various risks to prevent undue or uncalculated negative impact on the Company. The Board also recognizes that risk oversight, implementation of comprehensive controls and assurance processes are a core function of the Board.

"The Board intends to better manage risks of the Company with the formation of a control framework to assist in identifying, assessing, monitoring and managing risks, so as to safeguard the assets and interests of the Company while ensuring the integrity of reporting.

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Risk Management Program is still being prepared. The Board will have an opportunity to review the same when it is submitted to the Board for approval.

- (c) Period covered by the review;

Please see explanation above.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

The Risk Management Program shall be reviewed annually and all material changes to the Company's risk profile shall be noted. However, no review has been done yet pending the preparation of the Risk Management Program.

(e) Where no review was conducted during the year, an explanation why not.

The Risk Management Program is still being prepared.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk Exposure	Risk Management Policy	Objective

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk Exposure	Risk Management Policy	Objective

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk to Minority Shareholders

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk Exposure	Risk Assessment (Monitoring and Measurement)	Risk Management and Control (Structures, Procedures, Actions)

	Process)	Taken)

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

The Risk Management Committee is still in the process of preparing a Manual on Risk Management together with a profile of the Company's risks.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Risk Management Committee	<p>The Risk Management Committee shall operationalize a Risk Management Program which shall be guided by the following:</p> <ol style="list-style-type: none"> 1. Establish risk profile and determine external and internal factors which can influence the Company's risk profile; 2. Identify and characterize specific threats/ risks; 3. Assess the vulnerability of critical assets to specific threats/ risks; 4. Determine the risks (i.e. expected likelihood and consequences of specific threats/ risks on specific assets); 5. Identify ways on how to minimize said threats/ risks; 6. Prioritize risk reduction measures based on strategy; 7. Assess effectiveness, conduct reviews and 	<p>Quarterly review of the Company's business must be done for risk identification, mitigation and monitoring.</p>

	evaluation and make necessary adjustments	
--	---	--

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Internal Controls are yet to be set-up pending manualization of the Company's Internal Control Systems. The Company expects the setting up of the system to be finished by the 3rd quarter of the year.

- (c) Period covered by the review;

NA

- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

NA

- (e) Where no review was conducted during the year, an explanation why not.

The Internal Controls are yet to be set-up pending manualization of the Company's Internal Control Systems. The

2) Internal Audit

- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Not applicable as there was yet no Internal Audit team set up as of 2014.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Not applicable as there was yet no Internal Audit team set up as of 2014.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have

direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Not applicable as there was yet no Internal Audit team set up as of 2014.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Not applicable as there was yet no Internal Audit team set up as of 2014.

Name of Audit Staff	Reason

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Not applicable as there was yet no Internal Audit team set up as of 2012.

Progress Against Plans	
Issues ⁵	
Findings ⁶	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Establish and communicate the scope and objectives for the audit to appropriate management.	Not yet implemented.
Develop an understanding of the business area under review. This includes objectives, measurements, and key transaction types. This involves review of documents and interviews. Flowcharts and narratives may be created if necessary.	Not yet implemented.
Describe the key risks facing the business activities	Not yet implemented.

⁵ "Issues" are compliance matters that arise from adopting different interpretations.

⁶ "Findings" are those with concrete basis under the company's policies and rules.

within the scope of the audit.	
Identify management practices in the five components of control used to ensure each key risk is properly controlled and monitored.	Not yet implemented.
Develop and execute a risk-based sampling and testing approach to determine whether the most important management controls are operating as intended.	Not yet implemented.
Report issues and challenges identified and negotiate action plans with management to address the problems.	Not yet implemented.
Follow-up on reported findings at appropriate intervals. Internal audit departments maintain a follow-up database for this purpose.	Not yet implemented.

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
None yet as the Internal Audit System and Manual is not yet prepared.	None yet as the Internal Audit System and Manual is not yet prepared.	None yet as the Internal Audit System and Manual is not yet prepared.	None yet as the Internal Audit System and Manual is not yet prepared.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Chairman, CEO, and Director for Internal Audit will give the required attestation.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare		The policies will be prepared and implemented.
Supplier/contractor selection practice		
Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		The Company has no creditors at this time

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

No. However, policies on the Company's Corporate Social Responsibility will be prepared.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company complies with all applicable health and safety laws and regulations as part of its commitment to providing its employees with a safe and healthy work environment. In this regard, employees are expected to work in a safe manner with due regard for their personal safety as well as that of their co-workers.

(b) Show data relating to health, safety and welfare of its employees.

The Company's employee is enrolled with PhilCare, is a multi-service Health Maintenance Organization (HMO) which provides access to quality and affordable healthcare services.

(c) State the company's training and development programmes for its employees. Show the data.

The Company only has minimal number of employees. No training and development program is in place due to minimal requirements.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

No reward compensation policy at the current time.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company will come up with an Employee's Handbook providing for grievance and complaints mechanisms from employees. The Code on Business Conduct and Ethics affirms that no retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Governance Committee will strictly enforce this prohibition.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more – as of 31 December 2014

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation	607,584,430	82.106	
Renato L. Reyes	85,407,500	11.54	

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	No
Details of whistle-blowing policy	No

Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

1. The Company has no dividend policy to disclose.
2. As of 31 December 2012, the Company had no whistle blower policy.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Araullo	Php215,000	

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

1. Telecommunicating
2. E-mail
3. Facsimile
4. Mail

5) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	No
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

The maintenance of the Company's website is being outsourced. Admittedly, no periodic checking and maintenance is being done. To improve this, the Company will meet with the provider to discuss management's internal accessibility to the website.

6) Disclosure of RPT as of 31 December 2014.

RPT	Relationship	Nature	Value
Advances to stockholder	Chi Ho Co – President and Director of the company	Advances from a stockholder for working capital purposes	Php2,457,076
Transaction with Key Management Personnel	Jose Francisco E. Miranda – Treasurer , Director and VP for Operations of the company	Compensation of key management personnel for 2014 part of Salaries and wages	Php260,000
Transaction with Key Management Personnel		Services rendered by lawyers who are also key management personnel of the group which consists of legal and back office work.	Php730,000

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

The 2013 Manual on Corporate Governance mandates that all related party transactions pass through a process to ensure that RPTs will not prejudice the Company.

All Related-Party Transactions must be brought to the Management's attention. On an annual basis, each of the directors and executive officers are required to complete a questionnaire designed to elicit information about any potential Related-Party Transactions.

Any potential Related-Party Transaction that is raised will be analyzed by the Company's Legal Department, in consultation with management and, whenever warranted, the Company's external auditor. The team will determine whether the transaction or relationship does, in fact, constitute a Related-Party Transaction requiring compliance with this Policy.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	50% + 1 of outstanding capital stock
------------------------	--------------------------------------

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Disclosure and approval by votes
Description	Corporate acts for the year preceding an annual meeting are submitted to for the approval or ratification of shareholders. The acts are identified and explained in the Agenda and Information Statements which are distributed to the shareholders for their information. During the meeting, the corporate acts are submitted to the shareholders who must vote on whether or not to approve the same.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
None.	

Dividends

Declaration Date	Record Date	Payment Date
None		

(d) Stockholders' Participation

- State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
After discussion of the Agenda during stockholders' meetings, stockholders are given an opportunity to comment or ask questions in an open forum.	Announcement of the opening of the floor for questions and / or comments. Shareholders have an opportunity to address the Board and ask questions that may concern the Company or them as stockholders.

- State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - Amendments to the company's constitution
 - Authorization of additional shares
 - Transfer of all or substantially all assets, which in effect results in the sale of the company

The Information Statements required to be distributed among shareholders prior to an annual or special meeting contain information on any corporate decisions requiring shareholders' approval. The Company expects that shareholders who are interested in the approval or disapproval of such decisions will participate during the meeting to voice their concerns.

- Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

No. The company complies with the requirement of sending out notices at least 15 business days prior to the meeting.

- Date of sending out notices: 25 November 2014.
- Date of the Annual/Special Stockholders' Meeting: 16 December 2014

- State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

The Company was not able to properly convene the meeting for lack of quorum.

- Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
N/A	N/A	N/A	N/A

- Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The 17C of December 16, 2014 disclosed the non-holding of the 2014 Annual Stockholders' Meeting for lack of quorum.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
No modifications.	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Antonio V.F. Gregorio III Chi Ho Co Jose Francisco Miranda Leonardo S. Gayao (total number of shares of BOD present is 23,000)	16 December 2014	By poll	.0031 % 23,000 shares	31.07 229,971,000	31.08% 229,994,000

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

No. The Corporate Secretary was tasked to validate the ballots when voting is done by secret ballot or count the number of hands raised when voting by show of hands is done.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

Company's Policies	
Execution and acceptance of proxies	Must be executed by a stockholder
Notary	Not required to be notarized
Submission of Proxy	Must be submitted twenty four (24) hours from the date of the meeting.
Several Proxies	No policy. However, in case of several proxies, the latest validated one will prevail.
Validity of Proxy	Proxies are valid for five (5) years unless sooner revoked.
Proxies executed abroad	No policy.

Invalidated Proxy	Invalidated proxies will not be allowed to vote.
Validation of Proxy	Validation of proxies shall be conducted at the Company offices one (1) day prior to the meeting.
Violation of Proxy	No policy.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
The Company should send out notices 15 working days prior to the date of the annual meeting.	A reputable courier is engaged for purposes of delivering the proxies.
The mailing list of stockholders is streamlined to ensure that the notices and Information Statements reach the shareholders.	<p>Notices sent during the previous years which have been returned for reasons of "invalid address", "cannot be located" or "moved" are no longer sent notices for the coming years</p> <p>The stockholders' list is adjusted and a mailing list is prepared to cover only stockholders' with valid addresses.</p> <p>The Company inquired from the PCD participants re: their estimated number of beneficial owners and such number of copies of notices and 20IS are sent to the PCD participant.</p>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	200
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	25 November 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	25 November 2014
State whether CD format or hard copies were distributed	Hard copies
If yes, indicate whether requesting stockholders were provided hard copies	

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	No

The amount payable for final dividends.	NA
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

1. The Company had no divided policy at the time of the meeting.
2. No dividends were declared.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
<p>The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:</p> <ul style="list-style-type: none"> Right to vote on all matters that require their consent or approval. Pre-emptive right to all stock issuances of the corporation. Right to inspect corporate books and records. Right to information Right to dividends Appraisal right 	<p>The Company allows all shareholders' including the minority to participate in decision makings during annual and special meetings of shareholders. The pre-emptive rights of stockholders are deemed in the Articles of Incorporation. All their rights are implemented in accordance with the Articles of Incorporation and By Laws and applicable laws, rules and regulations.</p>
<p>It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.</p>	<p>No shareholder has yet complained of breach of his rights.</p>
<p>The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</p>	<p>The Definitive Information Statements containing relevant information for the benefit of the stockholders are timely and adequately distributed.</p>
<p>The Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.</p>	<p>No opportunity for application or implementation in the absence of circumstances giving rise to such.</p>

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. Subject to rules, any shareholder of record has the right to nominate candidates for directors.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Corporate Information Officer is responsible for the external communications of the Company. Major company announcements are reviewed and approved by the President and Corporate Secretary before they are

released to the public. On the other hand, the Company has no restrictions on internal communications , i.e., there is freedom of communications among the people in the organization as long as they remain internal.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

The Company has no investor's relations program in place at the current time. Under the Manual on Corporate Governance, the Board will identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program that will keep them informed of important developments in the Corporation.

	Details
(1) Objectives	
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Company's proposed merger with Abacus Coal will comply with the requirements of the Corporation Code. Other matters involving acquisition or sales of substantial portions of corporate assets will have to be carefully reviewed by the President, submitted to the Board for approval and eventually to the shareholders for approval or ratification, as maybe necessary under the circumstances.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

In the case of Abacoal, Cuervo Appraisers did an appraisal of the value of Abacoal's coal resources and estimates. Although there was no study done on the fairness of the transaction price, the valuation of the coal resource and estimates is far greater than the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary

The Company's Social Responsibility Manual is still being prepared at the current time.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	The Governance Committee, working with the Chairman shall develop and oversee a performance assessment of the effectiveness of the Board. This assessment shall focus on the performance of the Board as a	The Performance Assessment Guidelines and scorecard shall be prepared by the Governance Committee in accordance with the mandates of the Manual on Corporate Governance.

	whole, concentrating on areas where performance might be improved. The Chairman shall present the results of such annual assessment to the Board for its review and discussion.	
Board Committees	The Governance Committee, working with the Chairman shall develop and oversee a performance assessment of the effectiveness Committees.	The Performance Assessment Guidelines and scorecard shall be prepared by the Governance Committee in accordance with the mandates of the Manual on Corporate Governance.
Individual Directors	The Board, through the Governance Committee shall administer an annual self-evaluation among individual directors.	The Performance Assessment Guidelines and scorecard shall be prepared by the Governance Committee in accordance with the mandates of the Manual on Corporate Governance.
CEO/President	The Board is responsible for approving and implementing a process of evaluation of the President's performance both on an on-going and annual basis. The Board shall establish annual performance expectations and goals for the President which should be benchmark for success of projects undertaken and implemented by the President for each annual review.	The Criteria will be set by the Board as one of the mandates of the Manual on Corporate Governance.

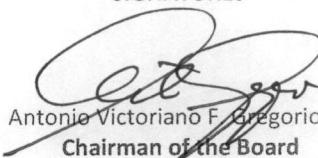
N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
If the Governance Committee determines that this Code has been violated, either directly, or by failure to report a violation, or by withholding information related to a violation, the offending Employee may be disciplined for non-compliance.	The penalties for violations may include written notices to the individual involved that a violation has been determined, censure, demotion or re-assignment, suspension with or without pay or benefits, removal from office or dismissal, or all or combination of the foregoing. Violations may also constitute violations of law and may result in criminal penalties and civil liabilities for the directors, officers, management and employees.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 20____.

SIGNATURES



Antonio Victoriano F. Gregorio III
Chairman of the Board



Chi Ho Co
President



Venus L. Gregorio
Corporate Secretary & Compliance Officer



Felixes Latonero
Independent Director

APR 10 2015

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2015, affiant(s) exhibiting to me their _____, as follows:

Name	ID Number	Expiry
Antonio Victoriano F. Gregorio III	Driver's License # N02-90-140220	11/05/2016
Chi Ho Co	Driver's license N03-89-080012	04/30/2016
Venus L. Gregorio	Passport No. EB2782656	06/22/2016
Felixes G. Latonero	Driver's License # N02-00-426715	06/11/2018

Doc No. 156;
 Page No. 33;
 Book No. 25;
 Series of 2015.

NOTARY PUBLIC

JOVEN G. SEVILLANO

NOTARY PUBLIC

COMMISSION NO. 0285-15 UNTIL DECEMBER 31, 2016

ROLL NO. 53970

IBP LIFETIME NO. 011302 RIZAL

PTR NO. 2277151 ; 1-5-15; MANDALUYONG

MCLE COMPLIANCE NO. IV - 0014990 23 APRIL 2013

METRO MART COMPLEX, MANDALUYONG CITY

EXHIBIT A

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Audit	Chi Ho Co Antonio V.F. Gregorio III		Felices G. Latonero	Yes.	The Audit committee shall assist the Board in performing an oversight responsibility for the financial reporting process, supervise the managements activities, monitor and evaluate the adequacy and effectiveness of the corporations internal control system, coordinate, monitor and facilitate compliance with laws rules and regulations and review the reports and financial statements before their submission to the Board.	Provide oversight over the senior management's activities in managing credit, market liquidity, operational, legal and other risks of the Corporation. The function shall include receiving from senior management periodic information on risk exposures and risk management activities. Provide oversight of the Corporation's internal and external auditors. Review and approve audit scope and frequency, and the annual internal audit plan. Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one	Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy. Establish and identify the reporting line of the chief audit executive so that the reporting level allows the internal audit activity to fulfill its responsibilities.

					<p>audit firm is involved.</p> <p>Be responsible for the setting-up of an internal audit department and consider the appointment of internal auditor as well as an independent external auditor, the audit fee and any question of resignation or dismissal.</p> <p>Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system.</p> <p>Receive and review reports of internal and external auditors and regulatory agencies, where applicable and ensure that management is taking appropriate corrective actions, in timely manner in addressing control and compliance functions with regulatory agencies.</p> <p>Review the quarterly, half year and annual financial</p>	
--	--	--	--	--	--	--

						statements before submission to the Board, focusing particularly on any change/s in accounting policies and practices.	
Nomination	Antonio V.F. Gregorio III Chi Ho Co	Felices Latonero	None	The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees.	Formulate screening policies to enable the Committee to effectively review and evaluate the qualification of the nominees nominated to the board and other appointments which require Board approval Assess the effectiveness of the Board processes and procedures in the election and replacement of directors. Conduct nominations for independent directors prior to the stockholders' meeting in accordance with the procedure set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, as the same may be amended from time to	The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees.	

						time.	
Remuneration	Jose Francisco Miranda	Leonardo S. Gayao	Felices G. Latonero	None	The Remuneration Committee is responsible for establishing the procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment.	The Remuneration Committee is responsible for establishing the procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment.	The Remuneration Committee is responsible for establishing the procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the corporation's culture, strategy and the business environment.
Executive	Antonio V.F. Gregorio III Chi Ho Co	Leonardo S. Gayao	Felices G. Latonero	None	During the intervals between the meetings of the Board of Directors, the Executive Committee shall exercise all the powers of the Board of Directors in the Management and direction of the affairs of the Company, in all matters in which specific directions shall not have been given by the Board of Directors. All actions by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to revision or alteration by the Board, provided that no rights of third parties shall be affected by any such revision or alteration.		
Governance		Leonardo S. Gayao	Felices Latonero	None	The Governance Committee shall assist the Board with respect to governance matters most especially in the implementation of practices and standards to be observed in an	Undertaking and approving an annual performance assessment of the Board, its Committees and the Individual Directors. The Performance Assessment Guidelines and scorecard	The Governance Committee shall assist the Board with respect to governance matters most especially in the implementation of practices and standards to be observed in an

					<p>effective stewardship environment.</p> <p>shall be prepared in accordance with the mandates of this MGC.</p> <p>Preparation and approval of an Annual Program of Governance including the planning of an annual continuing education program for the Board and Management.</p> <p>Approval of policies, programs and processes to be contained in a manual and directors' handbook insofar as the same will supplement this MGC</p> <p>Recommending governance practices and policies to the Company's subsidiaries and investment entities.</p> <p>Assessing the competency requirements and compliance levels of the members of the Board insofar as continuing Board education is concerned.</p> <p>Reviewing policies of the</p>	effective stewardship environment.
--	--	--	--	--	---	------------------------------------

						<p>Board and the Standing Committees insofar as they relate to governance matters.</p> <p>Reviewing governance standards published by other Philippine listed companies with a view of assessing their relevance and developing a more current set of standards for the Company.</p>	
--	--	--	--	--	--	--	--