COVER SHEET

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LODESTAR INVESTMENT HOLDINGS
CORPORATION

(Company's Full Name)

C/O 7F PEAKSUN BLDG. PRINCETON
ST. MANDALUYONG CITY

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

ANTONIO V. F. GREGORIO III

Contact Person

(632) 9289246

Company Telephone Number

1 2	3 1	SEC 17A-2013		
Month	*Day*	FORM TYPE	*Month*	*Day*

Fiscal Year

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stocholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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, 2013**

2. SEC Identification Number: **54106** 3. BIR Tax Identification No.: **200-751-430-000**

4. Exact name of issuer as specified in its charter:

LODESTAR INVESTMENT HOLDINGS CORPORATION
(Formerly: LODESTAR MINING CORPORATION)

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. **7/F Peaksun Bldg., Princeton St., Shaw Blvd., Mandaluyong City** **1552**
Address of principal office Postal Code

8. **(632) 920-9306**
Issuer's telephone number, including area code

9. **c/o 12 Jaime St., Carmel 1, Bahay Toro, Quezon City**
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 07 April 2014 of the voting stock held by non-affiliates of the registrant is ₱ 606,763,100.

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 with the Securities and Exchange Commission ("SEC") an application for the increase of its capital stock to ₱50,000,000.00 divided into 50,000,000 shares with par value of ₱1.00 per share from ₱10,000,000.00 divided into 1,000,000,000 shares with par value of ₱0.01 per share. The Company also filed with the then Manila and Makati Stock Exchanges, now referred to as the Philippine Stock Exchange ("PSE") an application for the listing of the 30,000,000 common shares. 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 placements 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 (P0.01) 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 7, 2014 is pegged at ₽ 0.82

The high and low sales prices of each quarter covering the years 2013, 2012 and 2011 are as follows:

		High	Low
2014			
	First Quarter (April 7)	₽ 0.82	₽ 0.80
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
2011			
	First Quarter	₽ 0.89	0.68
	Second Quarter	0.94	0.69
	Third Quarter	1.27	0.77
	Fourth Quarter	0.82	0.66

Source: Technistock

The number of shareholders as of 31 December 2013 is 56[1]. Common shares outstanding as at 31 December 2013 are 740,000,000 shares per the records of RGFS Registry and Agency Services, Inc. The following table presents the Company's top 20 shareholders as at 31 December 2013:

Name of Shareholder	Class of Security	Number of Shares	Percentage to Total
PCD Nominee Corporation-Filipino	Common	607,845,430	82.14%
Renato L. Reyes	Common	72,000,000	9.73%
Ramon L. Abad, Jr.	Common	28,000,000	3.78%
PCD Nominee Corporation- Non-Filipino	Common	24,620,000	3.33%
Jones R. Castro	Common	1,700,000	0.23%
Renato Lumague	Common	600,000	0.08%
William T. Enrile &/or William R. Enrile II &/or Nelly R. Enrile	Common	500,000	0.07%
Joel S. Diaz	Common	500,000	0.07%
Joaquin Corpus	Common	500,000	0.07%
Ross W. Garling	Common	400,000	0.05%
John T. Mesina	Common	300,000	0.04%
Jovenal Gonzalez	Common	300,000	0.04%
Jose De Peralta	Common	300,000	0.04%
Cesar Hablero	Common	160,000	0.02%
William Stone	Common	100,010	0.01%
Merlin Villanueva	Common	100,000	0.01%
Oscar Tomaneng	Common	100,000	0.01%
Sun Hung Kai Sec. (Phils.) Inc	Common	100,000	0.01%
Tomas Pusing	Common	100,000	0.01%
Malcolm Morrison	Common	100,000	0.01%

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% f 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 AVRHI 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 Investment between the Company and MSC whereby all the rights and interests of MSC were assigned to Lodestar.

[1] Per the records of RGFS Registry and Agency Services, Inc.

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, 3011, 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 additional 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 annual stockholders' meeting of Lodestar for lack of the necessary votes of 2/3 majority. Likewise, the matter was not submitted for approval by the shareholders during the scheduled December 2013 Annual Stockholders' Meeting due to lack of quorum to convene the meeting.

Business Plan:

Management is awaiting for shareholders approval of the merger between the Company and Abacus Coal Exploration and Development Corporation (Abacoal) to effect is operational takeover of the SouthSurigao Coal Project (SSCoal).

On April 12, 2011, the SSCoal has been awarded a Coal Operating Contract for Development and production (COC-DP) by the Department of Energy . The project has also submitted and has substantially complied with all the requirements in securing the Environmental Compliance Certificate for the Development and Production Phase of the project.
In order for the Company to completely pursue its operational and compliance goals for the SSCoal Project, the merger with Abacoal and the takeover of management of the project must be effected.

In the meantime, the Company is seeking other possible business opportunities, possibly in mining and in other high-growth sectors such as real estate and gaming

Financial Performance
In Philippine Pesos

Key Financial Indicator			
	Year 2013	Year 2012	Year 2011
Revenues	5,483	11,183	25,060
Cost and Expenses	3,236,160	4,327,074	4,242,497
Other Losses		15,724,330	
Net Income (Loss)	(3,230,677)	(20,040,222)	(4,217,437)
Current Assets	8,096,505	11,382,422	24,893,653
Current Liabilities	55,305	110,946	2,890,674
Total Assets	45,103,626	48,389,944	61,931,265
Total Liabilities	55,305	110,946	2,890,674
Stockholders' Equity	45,048,321	48,278,998	59,040,591
Current Ratio	146.40	102.59	8.61
Current Assets / Current Liabilities	8,096,505 / 55,305	11,382,422 / 110,946	24,893,653 / 2,890,674
Debt to Equity Ratio	0.00	0.00	0.05
Total Liabilities/Stockholders' Equity	55,305 /45,048,321	110,946 /48,278,998	2,890,674 /59,040,591
Return on assets	NA	NA	NA
Net Income / Total Assets			
Earnings (Loss) Per Share	(0.004)	(0.027)	(0.006)
Net Income (Loss) /No. of shares outstanding	(3,230,677)/ 740 M	(20,040,222)/ 740 M	(4,217,437)/ 740 M

Full Fiscal Years

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:

1. 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.
2. Commission expense – 100% or ₱187 thousand lower due to liquidation of traded shares in 2012.
3. Salaries and Employee benefits – 2.77% or ₱17 thousand lower.
4. 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.
5. Office supplies and other miscellaneous expenses – 27.91% or ₱ 64 thousand lower from ₱ 221 thousand million in 2012 to ₱156 thousand in 2013.
6. 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
7. Repairs and Maintenance – 100% or ₱8 thousand incurred in 2012 and nil in 2013.
8. 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.
9. 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.
10. Transportation and Travel expenses – 75.53% or ₱184 thousand lower from ₱244 thousand in 2012 to ₱60 thousand in 2013.
11. Depreciation – 64.25% or ₱19 thousand lower due to full depreciation of some assets.
12. Insurance – 100% or ₱ 12 thousand in 2013 and nil in 2012.
13. Legal fees – 10.84% or ₱ 90 thousand higher from ₱ 830 thousand in 2012 to ₱ 920 thousand in 2013.
14. 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.

<u>Calendar Year 2011</u>

Interest income earned on bank accounts for the year ended December 31, 2011 totaled ₱25,060, 23.48% lower than the interest recorded for the year 2010 of ₱ 32,752.

Total operating expenses for 2011 amounted to about ₱4.237 million, 61.04% or ₱ 6.639 million lower when compared to 2010. The decrease was attributed to lower management fees, legal and professional fees due to management's decision to trim down hiring of professionals in various fields beginning 2011.

Cash and cash equivalents amounted to ₱1.589 million in 2011 or an increase of ₱1.315 million when compared to 2010. The increase was due to collection of subscriptions receivable totaling ₱37.875 million and the fund was used to (a) exploration and development activities of the coal properties of Abacoal; (b) partial settlement of accounts payable and accrued expenses; (c) full payment of advances from stockholders and (d) acquisition of traded shares from open market of the PSE.

During the year, the Company has acquired a total of ₽ 7.733 million worth of traded shares from the open market of the PSE. However, the decrease in market price of the traded shares resulted to lower value by ₽ 24.049 million. This likewise resulted to a negative revaluation reserve in the equity account of ₽ 9.279 million in 2011 from positive ₽ 14.771 million in 2010.

Other current assets increased by ₱1.35 million due mainly to additional input value-added tax on management fees, legal fees, professional fees and PSE annual maintenance fees incurred in 2011.

The acquisition of one unit laptop in 2011 accounts for the increase in non-current asset.

Total liabilities of ₽ 2.891 million in 2011 is 82.06% or ₽ 13.221 million lower when compared to 2010 due to settlement of payables as discussed with cash and cash equivalents above and the 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.

Collection of subscription receivable brought about by various capital raising activities to finance working capital requirements and general corporate purposes resulted to an increase in capital stock and additional paid-in capital by ₱ 37.875 million.

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.

Item 8. Information of 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 2013 amounted to ₱ 215,000.00, ₱205,000.00 for 2012 and ₱198,000.00 for year 2011.

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 2012 and 2011. Thus, the financial statements and notes thereto for the calendar year ended 31 December 2013 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 2013:

Name	Age	Nationality	Present Position	Date Elected and / or Appointed
Antonio V.F. Gregorio III	41	Filipino	Director and Chairman	May 15, 2009 as Director and Dec. 13, 2012 as Chairman
Chi Ho Co	41	Filipino	Director and President	Sept. 22, 2008 as Director and Dec. 13, 2012 as President
Leonardo S. Gayao	67	Filipino	Director	December 22, 2010
Venus L. Gregorio	44	Filipino	Corporate Secretary and Corporate Information Officer	December 13, 2012
Jose Francisco Miranda	36	Filipino	Director, CFO and Treasurer	December 13, 2012
Manuel Acenas	68	Filipino	Director	December 13, 2012
Lam Kok Duen	57	Filipino	Independent Director	December 4, 2013
Felixes Latonero	39	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, 41, Filipino/ Director/ Chairman/ Chairman, Nomination Committee/ Member, Audit Committee

Atty. Antonio Gregorio III graduated Second Honors, with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations of 1998. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, both from the Ateneo de Manila University, Magna Cum Laude. He was a valedictorian of his high school class in the Ateneo. Atty. Gregorio sits as director and officer of various public and private companies, including Asiabest Group International Inc. (Chairman and President from 2011 to present and Corporate Secretary/ Director from 2008 to 2011), NiHAO Mineral Resources International, Inc., (Chairman and President from 2012 to present) Dizon Copper-Silver Mines (Treasurer/Director from 2012 to present), Abacus Consolidated Resources and Holdings, Inc.,(Director, 2009 to present), GNA Resources International Limited (2011 to present), Cuervo Far East, Inc.(Corporate Secretary/Director, 2005 to present), Alta Minera, Inc., Breccia Resources, Inc., and Millionaire's Offices and Properties, Inc. (Chairman, 2011 to present), Beaver Q Corporation and Barnyard Realty Corporation (Corporate Secretary, 2002 to present), Big Herald Link International Corporation (Corporate Secretary/Treasurer/Director, 2004 to present), Tajima Yakiniku, Inc. (Director, 2005 to present), Tanba Yakiniku, Inc. (Treasurer/Director, 2011 to present) , 4A9T Scholarship foundation, Inc. (Corporate Secretary/Trustee from 1999 to present) and World Wide Manpower Overseas, Inc. (President/Director, 2007 to present). He was formerly the Corporate Secretary/Director of the following companies, Active Earnings, Inc. (2003 to 2011), Buddybuds, Inc. (2003 to 2011), Cangoc, Inc. (2002 to 2011), Carellan, Inc. (2003 to 2011), Cuisine Allurements, Inc. (2002 to 2011), Grand Pin Development Corporation (2004 to 2011), Hobbiton, Inc. (2003 to 2011), Pinecrest Realty Corporation (2003 to 2011); Treasurer/ Director of Carom, Inc. (2003 to 2011), Los Boldos, Inc. (2003 to 2011) and Onion and Chives, Inc. (2003 to 2011), Corporate Secretary of JMARR Realty, Inc. (2002 to 2011), PPARR Management and Holdings Corporation (2004 to 2010); Asst. Corporate Secretary/Treasurer/Director of Weathertop, Inc. from 2004 to 2011 and former Director of Musx Corporation from 2007to 2010.

CHI HO CO, 41, 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), 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, 67, 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 Omnincor 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, 44, Filipino/ Corporate Information Officer/ Corporate Secretary

Atty. Gregorio graduated with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations in 1999. She has a Bachelor of Arts degree major in Political Science from the University of the Philippines. Atty. Gregorio sits as Corporate Secretary and Corporate Information Officer of Asiabest Group International Inc. (2011 to present) and Assistant Corporate Information Officer and Assistant Corporate Secretary of Dizon Copper-Silver Mines, Inc. Asst. Corporate Secretary/Director of Cuervo Far East, Inc. (2005 to present), and Director 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), Hobitton, 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), and Onion and Chives, Inc. (2003 to 2011).

JOSE FRANCISCO MIRANDA, 36, 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., Dizon-Copper Silver Mines, Inc., NiHAO Mineral Resouces International, Inc. among others.

MANUEL G. ACENAS, 68, Filipino/ 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, 39, 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
	2014 (est)	260,000
Antonio V.F. Gregorio III, Chairman (1)		sum of the aggregate
Chi Ho Co, President (2)		annual cash compensation of the
Jose Francisco Miranda, CFO (3)		named executives
No other officers receiving compensation as a group		
	2013	1,074,312
Antonio V.F. Gregorio III, Chairman (1)		sum of the aggregate
Chi Ho Co (2)		annual cash compensation of
Jose Francisco Miranda (3)		the named executives
No other officers receiving compensation as a group		
	2012	1,237,827
Antonio V.F. Gregorio III, Chairman (1)		sum of the aggregate
Chi Ho Co (2)		annual cash compensation of
Jose Francisco Miranda (3)		the named executives
No other officers receiving compensation as a group		
	2011	1,171,160
Antonio V.F. Gregorio III, Chairman (1)		sum of the aggregate
Chi Ho Co, President (2)		annual cash compensation of
Jose Francisco Miranda, COO (3)		the named executives
No other officers receiving compensation as a group		

(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 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 2013.

Type of Class	***Name, address of owner and relationship with issuer***	***Name of Beneficial Owner and Relationship with Record Owner***	***Citizenship***	***Amount of Ownership***	***Percent of Class***
Common	***PCD Nominee Corporation***	***Various Owners*** 1. Abacus Securities Corporation – 101,657,900 (13.74%) 2. King's power Securities - 72,175,000 (9.75%) 3. Tower Securities Inc.- 41,220,000 (5.57%)	***Filipino***	***607,845,430***	***82.14%***
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, 2013:

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%

Title of Securities	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (D) direct/ (I) indirect	Citizenship	Percent of Class
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 ₱3,626,772 as of December 31, 2013. These advances are non-interest bearing.

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

Transactions With Key Management Personnel:

The Company avails of the services rendered by lawyers who are also the key management personnel of the Company. The related legal fees amounted to P920 thousand and P 830 thousand in 2013 and 2012 respectively.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

(i) The evaluation system established by the Company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

The Corporation complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with corporate governance

(ii) Measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance.

Some of the Board of Directors are yet to attend a 2-day seminar on Corporate Governance and are planning to attend at the earliest schedule offered by the SEC

(iii) Any deviation from the Company's Manual of Corporate Governance. It shall include a disclosure of the name and position of the person/s involved, and the sanctions imposed on said individual.

The Company does not know of any deviation from its Manual of Corporate Governance.

(iv) Any plan to improve corporate Governance of the Company.

The Board of Directors will study the need to improve the corporate governance of the Company.

PART V – EXHIBITS AND SCHEDULES

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

(a) Exhibits

None.

(b) Reports on SEC Form 17-C

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

Date of Event Reported	*Event Reported*
May 8, 2013	Postponement of the Annual Meeting scheduled to be held on the second Thursday of May pursuant to its Amended By-Laws.
June 20, 2013	The following matters were taken up during the board meeting : (1) Approval of the Manual of Corporate Governance (2) Creation of the following committees and appointment of the following directors to such committees : Executive Committee: Chairman - Antonio V.F. Gregorio III Members - Chi Ho Co Leonardo S. Gayao

	Eduardo Manalac Governance Committee: Chairman - Eduardo Manalac Members - Leonardo S. Gayao Felixes Latonero Risk Management Committee Chairman - Felixes Latonero Members - Antonio V.F. Gregorio III Jose Francisco Miranda (3) Calling of the Annual Stockholders' Meeting to be held sometime in September, specific date and in a venue to be determined by the President.
August 12, 2013	The following matters were taken up during the board meeting : (1) Resignation of Mr. Eduardo V. Manalac as Independent Director effective 01 September 2013. (2) Setting the Annual Stockholders' meeting at a specific date and in a venue to be determined by the President within the third quarter to the fourth quarter of the year. (3) Effective September 01, 2013, Mr. Felixes G. Latonero will be the Chairman of the Audit, Compensation and Governance Committees. He will also be a member of the Executive Committee. (4) Approval for issuance of the Second Quarter Financial Statements upon recommendation of the audit committee.
October 22, 2013	The new address of Lodestar Investment Holdings Corporation has been changed to 7th Floor, Peaksun Bldg., 1505 Princeton St., corner Shaw Blvd. Brgy Wack Wack Greenhills East, Mandaluyong City.
December 4, 2013	During the annual stockholders' meeting, the Corporation cannot conduct the business of the meeting for lack of quorum. Less than 50% of the shares represented in person or by proxy was recorded in attendance.

Immediately after adjournment, a meeting of the board of directors was held wherein the following matters transpired.

(1) Election of Mr. Lam Kok Duen as Independent Director of the Corporation.
The Nomination Committee passed upon and approved the nomination of Mr. Lam Kok Duen for Independent Director. Mr. Lam Kok Duen was nominated by Mr. Jose Francisco Miranda who is not related to said nominee either by consanguinity of affinity.
Mr. Duen submitted his credentials to support his qualifications and establish absence of grounds for disqualifications for the position of Independent Director, as provided for under the Securities Regulation Code, its implementing rules and regulations, pertinent SEC circulars and the Code on Corporate Governance.

(2) Resignation of Atty. Antonio V. F. Gregorio III as Corporate Information Officer and appointment of Ms. Helene Marie S. Francisco as Asst. Corporation Information Officer.
(3) All other officers, Chairpersons and members of the various committees will remain in holdover capacities until their successors have been properly elected.

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 11, 2014.

By:

ANTONIO VICTORIANO F. GREOGRIO 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 1 4 2014 day of April 2014 affiants exhibiting to me

Name	**ID No.**	**Issued on/at**
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

JOVEN GOMEZ SEVILLANO
NOTARY PUBLIC
COMMISSION NO. 0285-13 UNTIL DECEMBER 31, 2014
ROLL NO. 53970
IBP LIFETIME NO. 011202 RIZAL
PTR NO. 1944131; 1-3-14; MANDALUYONG
MCLE COMPLIANCE NO. IV-0014990 23 APRIL 2013
METRO MART COMPLEX, MANDALUYONG CITY

Doc. No. : 309
Page No. : 63
Book No. : 11
Series of 2014.

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 as of **December 31, 2013 and 2012**, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility 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 consolidated financial statements and submit 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 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 11 2014

SUBSCRIBED AND SWORN to before me this _____ day of April 2014 affiants exhibiting to me

Name	ID No.
Antonio V.F. Gregorio III	TIN 201-897-602
Chi Ho Co	TIN 167-858-435
Jose Franciso Miranda	TIN 291-271-321

ATTY. TOMAS F. DULAY JR.
Notary Public
NOTARY PUBLIC
UNTIL DEC. 31, 2015
PTR NO. 0042893 / 01-02-14 / Q.C.
IBP NO. 916076 / C.Y.2014 / Q.C.
ROLL NO. 10503 / 03-13-1961
MCLE EXEMPTED NO. 00083

Doc. No. 855 ;
Page No. 171 ;
Book No. 28 ;
Series of 2014

Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors

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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, 2013 and 2012, and statements of profit or loss, the 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, 2013, 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, 2013 and 2012, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2013 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 P3,230,677 P20,040,221 and P4,217,437 for the years ended December 31, 2013, 2012 and 2011, respectively, and has accumulated deficit of P95,666,537 and P92,435,860 as of December 31, 2013 and 2012, respectively. These conditions raise material uncertainty on the Company's ability to continue as a going concern entity. However, as discussed in Note 1, the Company is currently in the process of searching for possible mining opportunities. Moreover, the Company has a plan to enter into a merger with Abacus Coal Exploration and Development Corporation which the Company intends to finalize in 2014. 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, 2013 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. 4225011, January 2, 2014, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-2 (until Sept. 5, 2016)
Firm - No. 0002-FR-3 (until Jan. 18, 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 11, 2014

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2013	2012
A S S E T S			
CURRENT ASSETS			
Cash	7	**P 490,045**	P 3,406,425
Advances to a stockholder	12	**3,626,772**	4,076,772
Other current assets	9	**3,979,688**	3,899,225
Total Current Assets		**8,096,505**	11,382,422
NON-CURRENT ASSETS			
Deposit for future stock investment	10	**37,000,000**	37,000,000
Office furniture - net		**7,121**	7,522
Total Non-Current Assets		**37,007,121**	37,007,522
TOTAL ASSETS		**P 45,103,626**	P 48,389,944
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		**P 52,256**	P 107,897
Advances from third parties	11	**3,049**	3,049
Total Current Liabilities		**55,305**	110,946
EQUITY			
Capital stock	13	**74,000,000**	74,000,000
Additional paid-in capital	13	**66,714,858**	66,714,858
Deficit		**(95,666,537)**	(92,435,860)
Total Equity		**45,048,321**	48,278,998
TOTAL LIABILITIES AND EQUITY		**P 45,103,626**	P 48,389,944

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	**2013**	2012	2011
REVENUE		**P -**	P -	P -
EXPENSES				
Legal fees		**920,000**	830,000	915,000
Salaries and wages	12, 18	**627,815**	645,180	643,815
Professional fees		**621,156**	1,400,667	762,922
Representation		**411,342**	227,237	13,380
Membership dues		**250,000**	250,000	250,000
Directors' fees		**138,889**	116,667	35,000
Printing and office supplies		**102,399**	126,950	48,508
Transportation and travel		**59,683**	243,941	87,091
Taxes and licenses	18	**11,812**	11,604	13,273
Depreciation		**10,758**	30,090	22,567
Trustee fees		**-**	16,384	62,422
Management fees		**-**	-	1,200,000
Listing and other regulatory fees		**-**	-	61,200
Commission		**-**	187,364	-
Loss on sale of available-for sale financial assets	8	**-**	15,724,330	-
Others		**81,209**	238,753	122,307
		3,235,063	20,049,167	4,237,485
OPERATING LOSS		**3,235,063**	20,049,167	4,237,485
INTEREST INCOME	7	**5,483**	11,183	25,060
LOSS BEFORE TAX		**3,229,580**	20,037,984	4,212,425
TAX EXPENSE	15	**1,097**	2,237	5,012
NET LOSS		**P 3,230,677**	P 20,040,221	P 4,217,437
LOSS PER SHARE	14	**P 0.004**	P 0.027	P 0.006

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Note	**2013**	2012	2011
NET LOSS		**(P 3,230,677)**	(P 20,040,221)	(P 4,217,437)
OTHER COMPREHENSIVE INCOME (LOSS)				
Reclassification adjustment due to disposal of available-for-sale financial assets	8	**-**	9,278,628	-
Unrealized losses on available-for-sale financial assets		**-**	-	(24,049,395)
		-	9,278,628	(24,049,395)
TOTAL COMPREHENSIVE LOSS		**(P 3,230,677)**	(P 10,761,593)	(P 28,266,832)

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Note	Capital Stock	Additional Paid-in Capital	Revaluation Reserves	Deficit	Total
Balance at January 1, 2013	13	P 74,000,000	P 66,714,858	P -	(P 92,435,860)	P 48,278,998
Total comprehensive loss for the year		-	-	-	(3,230,677)	(3,230,677)
Balance at December 31, 2013		**P 74,000,000**	**P 66,714,858**	**P -**	**(P 95,666,537)**	**P 45,048,321**
Balance at January 1, 2012	13	P 74,000,000	P 66,714,858	(P 9,278,628)	(P 72,395,639)	P 59,040,591
Total comprehensive loss for the year		-	-	9,278,628	(20,040,221)	(10,761,593)
Balance at December 31, 2012		P 74,000,000	P 66,714,858	P -	(P 92,435,860)	P 48,278,998
Balance at January 1, 2011		P 66,500,000	P 36,339,858	P 14,770,767	(P 68,178,202)	P 49,432,423
Paid up portion of subscribed capital stock	13	7,500,000	30,375,000	-	-	37,875,000
Total comprehensive loss for the year		-	-	(24,049,395)	(4,217,437)	(28,266,832)
Balance at December 31, 2011		P 74,000,000	P 66,714,858	(P 9,278,628)	(P 72,395,639)	P 59,040,591

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(P 3,229,580)	(P 20,037,984)	(P 4,212,425)
Adjustments for:				
Depreciation		10,758	30,090	22,567
Interest income	7	(5,483)	(11,183)	(25,060)
Loss on sale of available-for-sale financial assets		-	15,724,330	-
Operating loss before working capital changes		(3,224,305)	(4,294,747)	(4,214,918)
Increase in other current assets		(80,463)	(1,374,297)	(1,350,173)
Decrease (increase) in advances to a stockholder	12	450,000	(4,076,772)	-
Decrease in accounts payable and accrued expenses		(55,641)	(1,696,519)	(503,756)
Decrease in advances from third parties		-	(1,083,209)	(11,667,657)
Cash used in operations		(2,910,409)	(12,525,544)	(17,736,504)
Interest received	7	5,483	11,183	25,060
Cash paid for final taxes	15	(1,097)	(2,237)	(5,012)
Net Cash Used in Operating Activities		(2,906,023)	(12,516,598)	(17,716,456)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of office furniture		(10,357)	-	(60,179)
Proceeds from sale of available-for-sale financial assets	8	-	14,333,898	-
Deposit for future stock investment	10	-	-	(10,000,000)
Acquisition of available-for-sale financial assets		-	-	(7,733,495)
Net Cash From (Used in) Investing Activities		(10,357)	14,333,898	(17,793,674)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from subscribed capital stock	13	-	-	37,875,000
Repayments of advances from stockholders		-	-	(1,050,000)
Net Cash From Financing Activities		-	-	36,825,000
NET INCREASE (DECREASE) IN CASH		(2,916,380)	1,817,300	1,314,870
CASH AT BEGINNING OF YEAR		3,406,425	1,589,125	274,255
CASH AT END OF YEAR		P 490,045	P 3,406,425	P 1,589,125

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013, 2012 AND 2011
(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 P3,230,677, P20,040,221 and P4,217,437 for the years ended December 31, 2013, 2012 and 2011, respectively, and has accumulated deficit of P95,666,537 and P92,435,860 as of December 31, 2013 and 2012, 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. Moreover, the Company has a plan to enter into a merger with Abacus Coal Exploration and Development Corporation (ABACOAL), which the Company intends to finalize in 2014 (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 for the year ended December 31, 2013 (including the comparatives for the years ended December 31, 2012 and 2011) were authorized for issue by the Company's Audit Committee on April 11, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The 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 from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared using the measurement bases specified by PFRS for each type of assets, liabilities, income and expenses. 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 all items of income and expense in two statements: a statement of profit or loss and a statement of comprehensive income.

Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(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 2013 that are Relevant to the Company

In 2013, the Company adopted for the first time the following new PFRS, annual improvements and amendments thereto that are relevant to the Company and effective for financial statements for the annual periods beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other
PAS 34 (Amendment)	:	Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 13	:	Fair Value Measurement
Annual Improvements	:	Annual Improvements to PFRS (2009-2011 Cycle)

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

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRSs: (a) will not be reclassified subsequently to profit or loss; and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The adoption of this amended standard has no significant impact on the Company's financial statements as the Company has no items of other comprehensive income during the year.

(ii) PAS 34 (Amendment), *Interim Financial Reporting and Segment Information for Total Assets and Liabilities* (effective January 1, 2013). This standard clarifies the requirements on segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in paragraph 23 of IFRS 8, *Operating Segments*. It also clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (a) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; and, (b) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment. This amendment has no significant impact in the Company's financial statements as it has no segment reporting.

(iii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's statement of financial position. This amendment did not have a significant impact on the Company's financial statements as the Company does not have relevant offsetting arrangements.

(iv) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instruments items and non-financial items for which other PFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. The amendment applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application.

Other than the additional disclosures presented in Note 5, the application of this new standard had no significant impact on the amounts recognized in the financial statements.

(v) 2009-2011 *Annual Improvements to PFRS*. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the Company:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*. The amendment clarifies that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the third statement of financial position are not required to be presented.

This amendment did not significantly impact the Company's financial statements as the Company has no restatement or reclassification of items that would require presentation of three comparative periods in its statement of financial position.

(b) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments*. The amendment clarifies that the consequences of income tax relating to distribution to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12, *Income Taxes*. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. This amendment had no effect on the Company's financial statements as it has no distributions to holders of equity instruments in current and previous years.

(b) Effective in 2013 that are not Relevant to the Company

The following new PFRS, amendments, revisions, annual improvement and interpretation to PFRS are mandatory for accounting period beginning on or after January 1, 2013 but are not relevant to the Company's financial statements:

PAS 19 (Revised)	: Employee Benefits
PFRS 1 (Amendments)	: First-time Adoption of PFRS – Government Loans
Consolidation Standards	
PAS 27 (Revised)	: Separate Financial Statements
PAS 28 (Revised)	: Investments in Associates and Joint Ventures
PFRS 10	: Consolidated Financial Statements
PFRS 11	: Joint Arrangements
PFRS 12	: Disclosures of Interests in Other Entities
PFRS 10, 11 and 12 (Amendments)	: Amendments to PRFS 10, 11, and 12 – Transition Guidance to PFRS 10,11 and 12
Philippine Interpretation International Financial Reporting Interpretations Committee 20	: Stripping Costs in the Production Phase of a Surface Mine
Annual Improvement	
PFRS 1 (Amendment)	: First-time Adoption of PFRS – Repeated Application of PFRS 1 and Borrowing Costs

(c) *Effective Subsequent to 2013 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2013. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to 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 the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets* (effective from January 1, 2014). The amendment clarifies that the requirements for the disclosure of information about the recoverable amount of assets or cash-generating units is limited only to the recoverable amount of impaired assets that is based on fair value less cost of disposal. It also introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less cost of disposal is determined using a present value technique. Management will reflect in its subsequent years' financial statements the changes arising from this relief on disclosure requirements, if the impact of the amendment will be applicable.

(iii) PFRS 9, *Financial Instruments: Classification and Measurement*. This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The first phase of the standard was issued in November 2009 and October 2010 and contains new requirements and guidance for the classification, measurement and recognition of financial assets and financial liabilities. It requires financial assets to be classified into two categories: amortized cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt instruments and equity instruments are measured at fair value. In addition, the PFRS 9 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 arrangement, 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 main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and 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. The amendment also now 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 in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapter of IFRS 9/PFRS 9 dealing with impairment methodology is still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The Company does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Company and it plans to 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) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the following amendments are relevant to the Company but management does not expect a material impact on the Company's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

(a) 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.

(b) PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that 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 amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity should be disclosed in the financial statements, and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

(c) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, through a revision only 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 payable 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 definitions of financial assets or financial liabilities as defined in PAS 32.

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 fair value through profit or loss (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.

All of the Company's financial assets are categorized as loans and receivables. 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 maturities greater than 12 months after the reporting period which are classified as non-current assets.

The Company's financial assets categorized as loans and receivables are presented as Cash and Advances to a Stockholder in the statement of financial position. Cash is defined as cash on hand and demand deposits which are subject to insignificant risk of changes in value.

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, discounted at the effective 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.

For investments that are actively traded in organized financial markets, fair value is determined by reference to exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income 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.

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 entity 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 non-current 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. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in income for the period.

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

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 liabilities are set-off and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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 Expense 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.

Costs and expenses are recognized in profit or loss upon utilization of goods or services at the date they are incurred. Any finance costs are reported in the statement of income on an accrual basis.

2.11 Impairment of Non-financial Assets

The Company's deposit for future stock investment and office furniture 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.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.12 Income Taxes

Tax expense recognized in the statement of income 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 reporting period. They are calculated according to 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 the statement of 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 temporary differences can be utilized.

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 deferred tax 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 relate to 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.

Revaluation reserves pertain to the unrealized gains or losses arising from the revaluation of available-for-sale financial assets.

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

2.15 Loss Per Share

Losses per share are determined by dividing net loss by the weighted average number of common shares issued and outstanding during the year. Diluted losses per share are 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 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS require management to make judgments and estimates that affect 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.

Based on management's assessment, there is no allowance for impairment losses required to be recognized on the Company's Advances to a Stockholder as at December 31, 2013 and 2012.

(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 assets to be utilized.

As of December 31, 2013 and 2012, the Company did not recognize its deferred tax asset arising from net operating loss carry-over (NOLCO) as the Company may not have sufficient taxable income against which the NOLCO can be applied (see Note 15).

(c) *Impairment of Non-financial Assets*

The Company's policy on estimating the impairment of non-financial assets is discussed in 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 these 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.

No impairment losses were recognized on deposit for future stock investment and office furniture in 2013, 2012, and 2011.

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 relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

4.1 Interest Rate Risk

At December 31, 2013 and 2012, the Company is exposed to changes in market interest rates through its cash, which are subject to variable interest rates (see Note 7). All other financial assets and liabilities have fixed rates.

The table below illustrates the sensitivity of the Company's profit before tax and equity to a reasonably possible change in interest rates of +/- 1.70% and +/-1.53% in 2013 and 2012, respectively. 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.

	2013		2012	
	+1.70	**-1.70**	+1.53	-1.54
Loss before tax	**(P 842)**	**P 842**	(P 52,130)	P 52,130
Equity	**(590)**	**590**	(41,704)	41,704

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.

Generally, 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	**2013**	2012
Cash	7	**P 490,405**	P 3,406,425
Advances to a stockholder	12.1	**3,626,772**	4,076,772
		P 4,117,177	P 7,483,197

(a) Cash and Cash Equivalents

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	2013		2012	
Accounts payable and accrued expenses*		**P**	**41,399**	P	33,138
Advances from third parties	11		**3,049**		3,049
		P	**44,448**	P	36,187

**Excluding tax-related liabilities*

5. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND 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 liabilities presented in the statements of financial position are shown below.

	Notes	2013				2012			
		Carrying Amount		**Fair Value**		Carrying Amount		Fair Value	
Financial assets									
Loans and receivables									
Cash	7	**P**	**490,405**	**P**	**490,405**	P	3,406,425	P	3,406,425
Advances to a stockholder	12.1		**3,626,772**		**3,626,772**		4,076,772		4,076,772
		P	**4,117,177**	**P**	**4,117,177**	P	7,483,197	P	7,483,197
Financial liabilities									
At amortized cost									
Accounts payable and accrued expenses		**P**	**41,399**	**P**	**41,399**	P	33,138	P	33,138
Advances from third parties	11		**3,049**		**3,049**		3,049		3,049
		P	**44,448**	**P**	**44,448**	P	36,187	P	36,187

See Notes 2.3 and 2.7 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 6.

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

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

There were no outstanding financial assets or liabilities measured at fair value as of December 31, 2013 and 2012. The Company's AFS financial assets were disposed in 2012.

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

The table below and in the succeeding page summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the 2013 statement of financial position but for which fair value is disclosed.

	Notes	Fair Value Hierarchy As At December 31, 2013			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets					
Loans and receivables:					
Cash	7	P 490,405	P -	P -	P 490,405
Advances to a stockholder	12.1	-	-	3,626,772	3,626,772
		P 490,405	**P -**	**P 3,626,772**	**P 4,117,177**

	Note	Fair Value Hierarchy As At December 31, 2013			
		Level 1	Level 2	Level 3	Total
Financial Liabilities					
Financial liabilities at amortized cost:					
Accounts payable and accrued expenses		P -	P -	P 41,399	P 41,399
Advances from third parties	11	-	-	3,049	3,049
		P -	**P -**	**P 44,448**	**P 44,448**

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:

	2013	2012
Total liabilities	**P 55,305**	P 110,946
Total equity	**45,048,321**	48,278,998
Debt-to-equity ratio	**0.001 : 1.00**	0.002 : 1.00

As discussed in Note 1.2, the Company is in the process of searching for other mining opportunities. Moreover, it has a plan to enter into a merger with ABACOAL where the Company shall acquire the coal property and all other assets and liabilities of ABACOAL (see Note 16).

7. CASH

The Company's cash comprises cash in banks which generally earn interest at rates based on daily bank deposit rates. Total interest income earned arising from these deposits amounted to P5,483, P11,183 and P25,060 in 2013, 2012 and 2011, 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 loss (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	**2013**	2012
Input value added tax (VAT)	18.1(b)	**P 2,803,806**	P 2,730,222
Advances to contractor		**1,103,520**	1,103,520
Others		**72,362**	65,483
		P 3,979,688	P 3,899,225

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

10. DEPOSIT FOR FUTURE STOCK INVESTMENT

This account pertains to 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 Music Semiconductors Corporation (MSC) on September 24, 2008 with certain amendments made on May 21, 2009 for the joint purchase by the Company and MSC of the 100% of the outstanding and issued shares of ABACOAL held by ACRHI (see Note 16). As of December 31, 2013 and 2012, the deposit for future stock investment amounted to P37,000,000.

As of December 31, 2013 and 2012, 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. In 2012, the Company spent P1,083,209 (nil in 2013) in relation to the MOA, and charged the same to the Advances from Third Parties account. The remaining outstanding liability as of December 31, 2013 and 2012 amounted to P3,049 and are 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 2013 and 2012, 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:

	2013	2012
Balance at beginning of year	**P 4,076,772**	P -
Additions	**-**	24,069,208
Collections	**(450,000)**	(19,992,436)
Balance at end of year	**P 3,626,772**	P 4,076,772

Collections in 2012 include assumption of the stockholder of the Company's liabilities to certain third party totaling P1,721,890.

Based on management's assessment, the outstanding balance of the Company's advances to a stockholder is not impaired as at December 31, 2013 and 2012, hence, no impairment loss is recognized during those years.

12.2 Legal Services

Legal services rendered by certain officers of the Company under the officers' law firm amounted to P920,000 in 2013, P780,000 in 2012 and P915,000 in 2011 and is presented as part of Legal Fees in the statements of profit or loss. There are no outstanding balance related to these transactions on those years.

12.3 Key Management Personnel Compensation

Key management personnel compensation amounted to P598,400 in 2013 and P626,600 in both 2012 and 2011 and is presented as part of Salaries and Wages under Expenses in the statements of profit or loss.

13. CAPITAL STOCK

The details of the Company's capital stock are as follows:

	Number of Shares			Amount		
	2013	2012	2011	**2013**	2012	2011
Authorized- P0.10 par value per share in 2013, 2012 and 2011	**1,000,000,000**	1,000,000,000	100,000,000	**P 100,000,000**	P 100,000,000	P 100,000,000
Issued and outstanding:						
Issued:						
Balance at beginning of year	**740,000,000**	740,000,000	665,000,000	**P 74,000,000**	P 74,000,000	P 66,500,000
Issued during the year	**-**	-	75,000,000	**-**	-	7,500,000
Balance at end of year	**740,000,000**	740,000,000	740,000,000	**74,000,000**	74,000,000	74,000,000
Subscribed:						
Balance at beginning of year	**-**	-	75,000,000	**-**	-	7,500,000
Paid during the year	**-**	-	(75,000,000)	**-**	-	(7,500,000)
Balance at end of year	**-**	-	-	**-**	-	-
Total issued and outstanding	**740,000,000**	740,000,000	740,000,000	**P 74,000,000**	**P** 74,000,000	P 74,000,000

On May 26, 1989, the Philippine Securities and Exchange Commission (SEC) approved the listing of the Company's shares. As of December 31, 2013, 88.45% of the issued and outstanding shares are held by the public. Such listed shares closed at P0.63 per share as of December 27, 2013.

On November 6, 2009, the Company entered into another investment agreement with various investors whereas the investors agreed to subscribe by way of private placement of 10.0 million common shares of stock to be issued out of the unissued and unsubscribed portion of the authorized capital stock of the Company. The shares were subscribed at a price of P5.05 per share or for a total of P50.5 million, of which 25% or P12.6 million was initially paid in 2009. The transaction was approved by the BOD on September 14, 2009. The remaining amount of P37.9 million, which consists of par value and additional paid in capital of P7.5 million and P30.4 million, respectively, was fully paid in 2011.

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 ten shares for every one share issued. 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 million shares at P1.00 par value per share to P300.0 million divided into 3 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. As of December 31, 2013, the Company has yet to secure the approval of the SEC on the remaining transactions.

Further, in a meeting held on November 3, 2010, the BOD 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, 2013.

14. LOSS PER SHARE

Loss per share is computed as follows:

	2013	2012	2011
Net loss	**P 3,230,677**	P 20,040,221	P 4,217,437
Divided by the weighted average number of outstanding common shares	**740,000,000**	740,000,000	740,000,000
Loss per share	**P 0.004**	P 0.027	P 0.006

The Company has no potentially dilutive instruments, thus, basis 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 RCIT or MCIT because of its taxable loss and gross loss position in each of the three years in the period ended December 31, 2013.

The Company did not recognize any deferred tax asset from its NOLCO as of December 31, 2013 and 2012 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, 2013 and 2012 amounted to P3,270,975 and P5,728,610, 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.

Year Incurred	Original Amount	Expired Balance	Remaining Balance	Valid Until
2013	P 2,684,832	P -	P 2,684,832	2016
2012	3,980,933	-	3,980,933	2015
2011	4,237,485	-	4,237,485	2014
2010	10,876,950	10,876,950	-	2013
	P 21,780,200	**P 10,876,950**	**P 10,903,250**	

In 2013, 2012 and 2011, the Company opted to continue claiming itemized deductions.

16. AGREEMENT FOR JOINT INVESTMENT

16.1 Purchase of ABACOAL Shares

On September 24, 2008, the Company and MSC 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. MSC and the Company shall acquire 55% and 45% participation and equity interest, respectively, in ABACOAL and the coal property. Unit price per stock of MSC 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, MSC and ACRHI amended the agreement with the following revised terms and conditions:

(a) Assignment of Investment Interests and Participation

MUSX Corporation (formerly MSC) 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 MSC 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 MSC 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 MSC 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 (see Note 9). Moreover, the Company made an additional deposit amounting to P5.0 million as part of the pending acquisition by the Company of ABACOAL.

On February 21, 2011, the Company paid MSC 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 MSC 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.

As of December 31, 2013 and 2012, this Agreement is still valid and binding between both parties (see Note 10).

16.2 Acquisition of Coal Property and Plan of Merger

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).

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, 2013, the merger between the Company and ABACOAL is not yet executed 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, 2013, 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 2013, 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	2,730,222
Services lodged under operating expenses		73,584
Balance at end of year	P	2,803,806

The balance of input VAT is presented as Input VAT under Other Current Assets account in the 2013 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 2013.

(d) Excise Tax

The Company did not have any transaction in 2013 which is subject to excise tax.

(e) Documentary Stamp Tax

The Company had not paid or accrued documentary stamp tax in 2013.

(f) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2013 are shown below.

Expanded	P	145,218
Compensation and benefits		126,964
	P	272,182

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, 2013 follows:

Permits	P	8,612
Barangay clearance		2,000
Residence tax – basic and additional		700
Annual registration fee		500
	P	11,812

(h) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2013, 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 2013 statement of profit or loss.

(a) *Taxable Revenues*

The Company has no taxable revenue in 2013.

(b) *Deductible Cost of Services*

The Company has no deductible cost of services in 2013.

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

The Company has no taxable non-operating and other income in 2013.

(d) *Itemized Deductions*

The amounts of itemized deductions under the regular tax rate for the year ended December 31, 2013 are as follows:

Legal fees	P	920,000
Salaries and wages		627,815
Professional fees		621,156
Membership dues		250,000
Printing and office supplies		102,399
Transportation and travel		59,683
Taxes and licenses		11,812
Depreciation		10,758
Miscellaneous		81,209
	P	2,684,832

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

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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, 2013, on which we have rendered our report dated April 11, 2014. 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. 4225011, January 2, 2014, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-2 (until Sept. 5, 2016)
Firm - No. 0002-FR-3 (until Jan. 18, 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 11, 2014

Lodestar Investment Holdings Corporation
List of Supplementary Information
December 31, 2013

Lodestar Investment Holdings Corporation
Schedule A - Financial Assets
December 31, 2013

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

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, 2013

			Deductions		*Ending Balance*		
Name and Designation of Debtor	***Balance at Beginning of Year***	***Additions***	***Amounts Collected***	***Amounts Written-off***	***Current***	***Non - Current***	***Balance at End of Year***
Mr. Chi Ho Co							
President							
Advances to a stockholder	P 4,076,772	P -	P 450,000	P -	P 3,626,772	P -	P 3,626,772

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, 2013

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

N/A

Lodestar Investment Holdings Corporation
Schedule D - Intangible Assets - Other Assets
December 31, 2013

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

N/A

Schedule E - Long-term Debt
December 31, 2013

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

N/A

Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2013

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

N/A

Lodestar Investment Holdings Corporation
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2013

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

N/A

Lodestar Investment Holdings Corporation
Schedule H - Capital Stock
December 31, 2013

				Number of Shares Held by		
Title of Issue	***Number of Shares Authorized***	***Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption***	***Number of Shares Reserved for Options, Warrants, Conversion and Other Rights***	***Related Parties***	***Directors, Officers and Employees***	***Others***
Common shares	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, 2013

DEFICIT AT BEGINNING OF YEAR	(P 92,435,860)
Loss actually incurred during the year	(3,230,677)
DEFICIT AT END OF YEAR	(P 95,666,537)

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, 2013

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**	✓		
	Amendments to PFRS 1: Government Loans			✓
PFRS 1 (Amendment)	First-time Adoption of PFRS – 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	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(deferred application)*			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		

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	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
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	✓		
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)		✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendments to PAS 27 (Amended): Investment Entities			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
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* *(effective January 1, 2014)*			✓

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	✓		
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* *(effective January 1, 2014)*			✓
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 2013 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, 2013

N/A

LODESTAR INVESTMENT HOLDINGS CORPORATION
Key Performance Indicators
December 31, 2013

		2013	2012	2013	2012
a.)	Current Ratio				
	Current Assets	P 8,096,505	P 11,382,422	146.40	102.59
	Current Liabilities	55,305	110,946		
b.)	Quick Ratio				
	Cash	490,045	3,406,425	8.86	30.70
	Current Liabilities	55,305	110,946		
c.)	Debt-to-equity Ratio				
	Debt	55,305	110,946	0.00	0.00
	Equity	45,048,321	48,278,998		
d.)	Book value per share				
	Equity	45,048,321	48,278,998	0.06	0.07
	No. of Shares Outstanding	740,000,000	740,000,000		
e.)	Net Profit Margin				
	Not applicable. The Company is in a net loss position in 2013 and 2012 since it has not yet started its commercial operations.				
f.)	Asset to Equity Ratio				
	Asset	45,103,626	48,389,944	1.00	1.00
	Equity	45,048,321	48,278,998		
g.)	Interest Rate Coverage Ratio				
	Not applicable. The Company has no borrowings in 2013 and 2012.				
h.)	Gross Profit Margin				
	Not applicable. The Company has no revenue in 2013 and 2012 since it has not yet started its commercial operations.				

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

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

NAME OF CORPORATION: **LODESTAR INVESTMENT HOLDINGS CORPORATION**
CURRENT ADDRESS: **c/o 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	2013 (in P'000)	2012 (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)	**45,103.00**	**48,390.00**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	8,096.00	11,382.00
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	490.00	3,406.00
A.1.1.1 On hand	5.00	5.00
A.1.1.2 In domestic banks/entities	485.00	3,401.00
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	0.00	0.00
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)	0.00	0.00
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)	0.00	0.00
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)	0.00	0.00
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

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

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

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

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

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 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	2013 (in P'000)	2012 (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)	0.00	0.00
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)	0.00	0.00
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)	0.00	0.00
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)	7,606.00	7,976.00
A.1.5.1 Advances sto stockholder	3,627.00	4,077.00
A.1.5.2 Others	3,979.00	3,899.00
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)	7.00	8.00
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	60.00
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)	-64.00	-52.00
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)	0.00	0.00
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	0.00	0.00
A.5 Biological Assets	0.00	0.00
A.6 Intangible Assets	0.00	0.00
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	0.00	0.00
A.8 Assets included in Disposal Groups Classified as Held for Sale	0.00	0.00

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

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

NAME OF CORPORATION: **LODESTAR INVESTMENT HOLDINGS CORPORATION**
CURRENT ADDRESS: **c/o 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	2013 (in P'000)	2012 (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)	37,000.00	37,000.00
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)	**55.00**	**111.00**
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)	55.00	111.00
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)	55.00	111.00
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Trade Payables	52.00	108.00
B.1.1.3 Payables to Related Parties		
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders	0.00	0.00
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	0.00	0.00
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)	0.00	0.00
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	0.00	0.00
B.1.6 Deferred Tax Liabilities	0.00	0.00
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)	0.00	0.00
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabiilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

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

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 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	2013 (in P'000)	2012 (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)	0.00	0.00
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)	0.00	0.00
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale	0.00	0.00
B.5 Other Liabilities (B.5.1 + B.5.2)	0.00	0.00
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)	**45,048.00**	**48,279.00**
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)	0.00	0.00
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	0.00	0.00
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)	(95,667.00)	(92,436.00)
C.8.1 Appropriated		
C.8.2 Unappropriated	(95,667.00)	(92,436.00)
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)	**45,103.00**	**48,390.00**

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 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	2013 (in P'000)	2012 (in P'000)	2011 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	5.00	11.00	25.00
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)	5.00	11.00	25.00
A.4.1 Interest Income	5.00	11.00	25.00
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	0.00	0.00	0.00
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)	0.00	0.00	0.00
A.4.4.1 Gain / (**Loss**) on Foreign Exchange			
A.4.4.2			
A.4.4.3			
A.4.4.4			
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	0.00	0.00	0.00
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)	0.00	0.00	0.00
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (**negative entry**)			
D. GROSS PROFIT (A - B - C)	5.00	11.00	25.00

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.

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 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	2013 (in P'000)	2012 (in P'000)	2011 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	**3,235.00**	**20,049.00**	**4,237.00**
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses			
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	3,235.00	20,049.00	4,237.00
E.4.1 Education-related expenditures	0.00	0.00	0.00
E.4.2 Loss on sale of available-for-sale financial assets	0.00	15,724.00	0.00
E.4.3 Management fees	0.00	0.00	1,200.00
E.4.4 Professional fees	621.00	1,401.00	763.00
E.4.5 Salaries and wages	628.00	645.00	644.00
E.4.6 Legal fees	920.00	830.00	915.00
E.4.7 Dues and subscriptions	250.00	250.00	250.00
E.4.8 Directors' fees	139.00	117.00	35.00
E.4.9 Printing and office supplies	102.00	127.00	48.00
E.4.10 Others	575.00	955.00	382.00
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)	**-3,230.00**	**-20,038.00**	**-4,212.00**
H. INCOME TAX EXPENSE (negative entry)	**-1.00**	**-2.00**	**-5.00**
I. INCOME(LOSS) AFTER TAX	**-3,231.00**	**-20,040.00**	**-4,217.00**
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST			
L PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	0.00	-0.03	-0.01
M.2 Diluted			

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION
CURRENT ADDRESS: c/o 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	2013 (in P'000)	2012 (in P'000)	2011 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	-3,230.00	-20,038.00	-4,212.00
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	10.00	30.00	22.00
Amortization, specify			
Others, specify: Interest income	-5.00	-11.00	-25.00
Loss on available-for-sale financial assets	0.00	15,724.00	0.00
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables			
Inventories			
Other Current Assets	-80.00	-1,374.00	-1,350.00
Others, specify:			
Advances to stockholder	450.00	-4,077.00	
Increase (Decrease) in:			
Trade and Other Payables	-56.00	-1,697.00	-504.00
Income and Other Taxes Payable			
Others, specify: Advances from third parties	0.00	-1,083.00	-11,668.00
Interest received	6.00	11.00	25.00
Cash paid for income taxes	-1.00	-2.00	-5.00
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	**-2,906.00**	**-12,517.00**	**-17,717.00**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment			
Reductions/(Additions) to Property, Plant, and Equipment	-10.00	0.00	-60.00
Others, specify Acquisition of available-for-sale financial assets	0.00	0.00	-7,733.00
Proceeds from sale of available-for-sale financial assets	0.00	14,334.00	0.00
Increase in deposit for future stock investment			-10,000.00
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	**-10.00**	**14,334.00**	**-17,793.00**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans			
Long-term Debt			
Issuance of Securities	0.00	0.00	0.00
Others, specify: Repayments of advances from stockholders	0.00	0.00	-1,050.00
Proceeds from subscribed capital stock	0.00	0.00	37,875.00
Payments of:			
(Loans)			
(Long-term Debt)			
(Stock Subscriptions)			
Others, specify (negative entry):			
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	**0.00**	**0.00**	**36,825.00**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	-2,916.00	1,817.00	1,315.00
Cash and Cash Equivalents			
Beginning of year	3,406.00	1,589.00	274.00
End of year	490.00	3,406.00	1,589.00

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.

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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

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Revaluation Increment	Translation Differences	Retained Earnings	TOTAL
	(Amount in P'000)					
A. Balance, 2011	74,000.00	66,715.00	-9,279.00	0.00	-72,396.00	59,040.00
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	0.00	0.00	9,279.00	0.00	-20,040.00	-10,761.00
E. Dividends (negative entry)						
F. Appropriation for (specify)						
F.1						
F.2						
F.3						
F.4						
F.5						
G. Issuance of Capital Stock						
G.1 Common Stock						
G.2 Preferred Stock						
G.3 Others						
H. Balance, 2012	74,000.00	66,715.00	0.00	0.00	-92,436.00	48,279.00
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					-3,231.00	-3,231.00
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						0.00
N.2 Preferred Stock						
N.3 Others						
O. Balance, 2013	74,000.00	66,715.00	0.00	0.00	-95,667.00	45,048.00