

SEC Registration Number

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

Company Name

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

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

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

Form Type

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

Department requiring the report

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

Secondary License Type, If Applicable

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

COMPANY INFORMATION

Company's Email Address

www.lodestarholdings.com
--

Company's Telephone Number/s

(632) 928-9246

Mobile Number

N/A

No. of Stockholders

60

Annual Meeting

2nd Wednesday of May

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Venus L. Gregorio

Email Address

Nitsbeng.gregoriolaw@mydestiny.net

Telephone Number/s

(632) 920-9306

Mobile Number

--

Contact Person's Address

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

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

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-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, 2018**
2. SEC Identification Number: **54106**
3. BIR Tax Identification No.: **200-751-430-000**
4. Exact name of issuer as specified in its charter:

LODESTAR INVESTMENT HOLDINGS CORPORATION
(Formerly: LODESTAR MINING CORPORATION)

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
(Par Value: ₱0.10)	
Common Shares	<u>3,000,000,000</u>

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 05 April 2019 of the voting stock held by non-affiliates of the registrant is ₦ 1,559,972,960.00. (2,999,948,000 x ₦0.52)

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

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

Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders;

None

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

None

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

None

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

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

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

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

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

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

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

On October 25, 2016, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Mr. Nathaniel C. Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares shall be issued out of the Company's authorized capital stock of one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share.

Likewise, on the same date, the Board of Directors authorized the execution, delivery and implementation of the Subscription Agreement with Ms. Socorro P. Lim, for the subscription, via private placement, to two billion (2,000,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share. The subscribed shares were issued out of the increase in the Company's authorized capital stock from one hundred million pesos (₱100,000,000.00) consisting of one billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share to three hundred million pesos (₱300,000,000.00) consisting of three billion (3,000,000,000) common shares, with a par value of ten centavos (₱0.10) per share. On December 8, 2016, the stockholders representing approximately 67.23 % of the outstanding capital stock of the Company affirmed, ratified and re-adopted the increase in the authorized capital stock of the Company. On June 14, 2017, the Securities and Stock Exchange approved the increase in authorized capital stock.

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

Item 2. Properties

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

Item 3. Legal Proceedings

The Company has never been a subject of or party to any legal proceeding, material or otherwise. Neither is any property of the Company a subject of 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 5, 2019 is pegged at ₱ 0.52.

The high and low sales prices of each quarter covering the years 2018, 2017 and 2016 are as follows:

		<u>High</u>	<u>Low</u>
2019	April 5, 2019	₱ 0.52	₱ 0.50
2018	First Quarter	₱ 0.80	₱ 0.62
	Second Quarter	0.68	0.52
	Third Quarter	0.71	0.53
	Fourth Quarter	0.59	0.48
2017	First Quarter	₱ 1.35	₱ 0.93
	Second Quarter	1.19	0.97
	Third Quarter	1.07	0.86
	Fourth Quarter	0.89	0.60
2016	First Quarter	₱ 0.75	₱ 0.50
	Second Quarter	0.80	0.66
	Third Quarter	0.85	0.69
	Fourth Quarter	1.22	1.12

Source: *Technistock*

The number of shareholders as of 31 December 2018 is 60¹. Common shares outstanding as of 31 December 2018 are 3,000,000,000 shares per records of BDO Unibank, Inc.

The following table presents the Company's top 20 shareholders as at 31 December 2018:

Name of Shareholder	Class of Security	Number of Shares	Percentage to Total
Socorro P. Lim	Common	2,000,000,000	66.667%
PCD Nominee Corporation-Filipino	Common	621,947,429	20.732%
Nathaniel C. Go	Common	260,000,000	8.667%
Renato L. Reyes	Common	72,000,000	2.400%
Ramon L. Abad, Jr.	Common	28,000,000	0.933%
PCD Nominee Corporation- Non-Filipino	Common	10,543,001	0.351%
Jones R. Castro	Common	1,700,000	0.057%
Renato Lumague	Common	600,000	0.020%
William T. Enrile &/or William R. Enrile II &/or Nelly R. Enrile	Common	500,000	0.017%
Joel S. Diaz	Common	500,000	0.017%

² Per the records of BDO Unibank, Inc.

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

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

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

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

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

Business Plan:

Business outlook for 2019 is geared towards looking for other business ventures, which is still in line with the primary purpose of the Company as a holdings corporation. Thus, the Company may again tap into various sources to look for opportunities in the diversified business sectors that are viable, growing and profitable. The Company's strategy will be to invest-buy-in or acquire businesses where the Company will at least own a significant stake or interest of the investee Company's outstanding capital. The said investment amount will allow the Company to recognize its proportionate share of the equitized earnings from its investee companies.

In October 2016, the Company started implementing its capital raising plans by issuing subscription to capital stocks via private placements of two billion two hundred sixty million shares at the subscription price of ten centavos (₱0.10) which was approved by the SEC on June 14, 2017. This is intended to provide the Company investable funds and working capital for prospective projects. Specifics of further business undertakings, if any, will be properly disclosed in accordance with the continuing disclosure requirements of the SEC and the PSE.

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

Financial Performance In Philippine Pesos

Key Financial Indicator			
	Year 2018	Year 2017	Year 2016
Revenues	2,216,426	1,066,520	154,114
Cost and Expenses	2,457,333	2,763,403	2,435,685
Other Losses	-	-	1,108,560
Net Income (Loss)	(240,907)	(1,696,883)	(3,390,131)
Current Assets	242,830,077	241,970,827	95,204,724
Current Liabilities	2,148,376	1,048,219	1,585,233
Total Assets	242,830,077	241,970,827	95,204,724
Total Liabilities	2,148,376	1,048,219	1,585,233
Stockholders' Equity	240,681,701	240,922,608	93,619,491
Current Ratio	113.03	230.84	60.06
Current Assets / Current Liabilities	242,830,077 / 2,148,376	241,970,827 / 1,048,219	95,204,724 / 1,585,233
Debt to Equity Ratio	0.009	0.004	0.017
Total Liabilities/Stockholders' Equity	2,148,376 / 240,681,701	1,048,219 / 240,922,608	1,585,233 / 93,619,491
Return on assets	NA	NA	NA
Net Income / Total Assets			
Earnings (Loss) Per Share	(0.000)	(0.001)	(0.003)
Net Income (Loss) /No. of shares outstanding	(240,907)/ 3 B	(1,696,883)/ 3 B	(3,390,131)/ 1 B

Full Fiscal Years

Calendar Year 2018

Proceeds of the increase of capital stock via private placements approved on June 14, 2017 by the Securities and Exchange Commission will be used for investments into corporate undertakings or businesses though these are still not yet definite or identified as of date, hence, no acquisition or combination has resulted from, or accompanies the transactions.

The private placement transactions resulted to a 0.55 % or ₱ 1.31 million increase in cash from ₱ 236.18 million in Dec. 31, 2017 to ₱ 237.49 million in Dec. 31, 2018.

There was a 21.0% or ₱ 542.82 thousand net decrease in related party transactions due to partial collection.

There was a 2.80% or ₱89.66 thousand increase in other current assets due to increase in input tax.

There was a 105% or ₱ 1.10 million net increase in liabilities due to accrual of legal and audit fees.

There was an increase of ₱ 240.91 thousand in deficits mainly due to net loss incurred during the year.

For 2018, interest income of ₱2.22 million was 107.82% or ₱1.15 million higher as compared to 2017 interest income of only ₱ 1.07 million due to substantial increase in cash brought about by the private placement transaction.

Cost and expenses of ₱ 2.46 million was 11.08% or ₱306.07 thousand lower as compared to 2017 operating expenses of ₱ 2.76 million. The decrease is mainly attributable to cost of documentary stamp tax and filing fees paid relative to the increase in authorized capital stock in 2017.

Calendar Year 2017

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

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

The above transactions resulted to a 172.3 % or ₱ 149.43 million increase in cash from ₱ 86.75 million in Dec. 31, 2016 to ₱ 236.18 million in Dec. 31, 2017.

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

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

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

There was a 100% increase in capital stock due to full payment of private placements made in 2016. An increase of 1.38% or ₱ 1.70 million in deficits is mainly due to the net loss incurred during the year. The decrease in additional paid-in-capital was due to application of cost of documentary stamp tax amounting to ₱1 million for the increase in subscribed capital stock.

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

Cost and expenses of ₱ 2.76 million was 22.03% or ₱0.78 million lower compared to 2016 operating expenses of ₱ 3.54 million. The decrease is mainly attributable to the provision for impairment loss posted in 2016.

Calendar Year 2016

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

1. Mr. Nathaniel Go for the subscription, via private placement, to two hundred sixty million (260,000,000) shares at the subscription price of ten centavos (₱ 0.10) per share for a total subscription amount of Twenty Six Million Pesos (₱26,000,000.00).

The Subscribed Shares shall be issued out of the Company's current authorized capital stock of One Hundred Million Pesos (₱100,000,000.00) consisting of One Billion (1,000,000,000) common shares with a par value of ten centavos (₱0.10) per share. Full payment of the subscription was made on November 10, 2016.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 7. Financial Statements

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

INFORMATION ON INDEPENDENT ACCOUNTANT

Audit Fees

For 2018, Punongbayan and Araullo (PNA) are the new external auditors to review the financial statements. Mangay-ayam, Lim & Co. (MLCPA) were tasked to review the 2017 financial statements. PNA, has been the Company's independent auditor from 2009 to 2016. Fees paid by the Company for audit services amounted to ₱400,000.00, ₱280,000.00 and ₱321,340.00 for 2018, 2017 and 2016, respectively.

In 2016 when PNA was commissioned not only to conduct the annual audit of financial statements but also to prepare a special audit report to support the Company's application for increase in authorized capital stock. Service fees amounted to ₱ 69,000.00. Also in the same year, MLCPA was appointed to process the increase in authorized capital stock of the company for a fee of ₱ 300,000.00

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

Audit Committee's Approval Policies and Procedures

The Audit Committee and PNA met 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 was

finalized, PNA presented the same to the Audit Committee and the Board of Directors and secured their approval for release of the audited financial statements.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has a new External Auditor for calendar year 2018. Also, in compliance with the BIR RMC No. 36-2016 and Professional Regulatory Board of Accountancy Resolution No. 03 Series of 2016, the financial statements and notes thereto for the calendar year ended 31 December 2018 were prepared by the Issuer's Interim Accountant. There were no disagreements with Accountants on accounting and financial disclosure.

Pursuant to the General Requirements of SRC Rule 68, Section 3.b.iv (Qualifications of Independent Auditors), the external auditors shall be rotated every after five (5) years of engagement. In case of a firm, the signing partner shall be rotated every after said period. The Company is in compliance with SRC Rule 68, Section 3.b.iv.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

The following table presents the members of the Board of Directors and Officers as at 31 December 2018.

Name	Age	Nationality	Present Position	Date Elected and / or Appointed
Antonio Victoriano F. Gregorio III	46	Filipino	Director and Chairman	May 15, 2009 as Director and Dec. 13, 2012 as Chairman
Chi Ho Co	46	Filipino	Director and President	Sept. 22, 2008 as Director and Dec. 13, 2012 as President
Richard N. Palou	71	Filipino	Director	December 18, 2017
Delfin S. Castro, Jr.	53	Filipino	Director, CFO and Treasurer	December 11, 2015
Ramoncito B. Cabalu	62	Filipino	Director	December 11, 2015
Manuel Ong	61	Filipino	Independent Director	December 11, 2015
Felices Latonero	44	Filipino	Independent Director	December 18, 2017
Venus L. Gregorio	50	Filipino	Corporate Secretary and Corporate Information Officer	December 13, 2012

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

ANTONIO VICTORIANO F. GREGORIO III, 46, Filipino/ Director/ Chairman/ Chairman, Nomination Committee/ Member, Audit Committee

Atty. Antonio Gregorio III graduated Second Honors, with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations of 1999. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, both from the Ateneo de Manila University, Magna Cum Laude. He was a valedictorian of his high school class in the Ateneo. Atty. Gregorio sits as director and officer of various public and private companies, including NiHao Mineral Resources International, Inc. (President from 2011 to present and Chairman from 2012 to present), Dizon Copper-Silver Mines (Treasurer/Director from 2012 to present), Abacore Capital Holdings, Inc. (Director, 2009 to present), IPM Holdings Inc. (Director from July 2011 to present), Cuervo Far East, Inc. (Corporate Secretary/Director 2005 to present) and 4A9T Scholarship Foundation, Inc. (Corporate Secretary/Trustee from 1999 to present). He was formerly the Chairman and President of Asiabest Group International, Inc. (2011 to May 2017) and Corporate Secretary/Director (2008 to 2011). He was also the Director of GNA Resources International Limited (2011 to 2015)

CHI HO CO, 46, Filipino/ Director and President/ Member, Audit Committee/ Member, Nomination Committee/ Member, Executive Committee.

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

RICHARD WILLIAM N. PALOU, 71, Filipino/ Director/ Member, Governance Committee and Compensation Committee

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

DELFIN S. CASTRO, JR., 53, Filipino/ Director/Treasurer/Assistant Corporate Information Officer/ Member, Compensations Committee

Mr. Delfin S. Castro, Jr. holds a Masters Degree in Business Administration and a Bachelor of Science Degree in Business Administration from the University of the Philippines. He is currently the Chairman and President of Dizon Copper-Mines, Inc. (2012 to present), Treasurer of NiHao Mineral Resources International, Inc. (2001 to present),

Director/Treasurer of Geograce Resources Philippines, Inc. (2006 to present). He is also a Director and Corporate Secretary of Sunplaza Development Corporation and Treasurer of the Peak Condominium Corporation. Her was formerly a Director/Treasurer of Asiabest Group International, Inc. (2010 to May 2017)

RAMONCITO CABALU, 62, Filipino/ Director

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

MANUEL G. ONG, 61, Filipino/ Independent Director/ Chairman, Governance Committee, Compensations Committee and Audit Committee/ Member, Executive Committee & Nominations Committee

Mr. Manuel Ong studied Bachelor of Science major in Chemical Engineering from the De La Salle University. Mr. Ong is currently an Independent Director of Nihao Mineral Resources International, Inc. (2009 to present), Geograce Resources Philippines, Inc. (2013 - present), Asiabest Group International, Inc. (2015-present), Dizon Copper Silver Mines, Inc. (2016 to present). He is also the Vice President and Technical Director of Industrial Welding Corporation.

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

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

VENUS L. GREGORIO, 50, Filipino/ Corporate Information Officer/ Corporate Secretary

Atty. Gregorio graduated with a Juris Doctor from the Ateneo de Manila University in 1998 and passed the bar examinations in 1999. She has a Bachelor of Arts degree major in Political Science from the University of the Philippines. Atty. Gregorio sits as Assistant Corporate Information Officer and Assistant Corporate Secretary of Dizon Copper-Silver Mines, Inc., and Asst. Corporate Secretary/Director of Cuervo Far East, Inc. (2005 to present). She was formerly the Corporate Secretary and Corporate Information Officer of Asiabest Group International Inc. (2011 to 2017).

Family Relationships

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

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

Involvement in Certain Legal Proceedings

The Company is not aware of:

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

Item 10. Executive Compensation

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Amount of Compensation
	2019 (est)	0
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co, President (1) Delfin S. Castro, Jr., Treasurer/ CFO (1) No other officers receiving compensation as a group		sum of the aggregate of the named executives
	2018	0
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co, President (1) Delfin S. Castro, Jr., Treasurer/ CFO (1) No other officers receiving compensation as a group		sum of the aggregate of the named executives
	2017	0
Antonio V.F. Gregorio III, Chairman (1) Chi Ho Co , President (1) Delfin S. Castro, Jr., Treasurer/ CFO (1) No other officers receiving compensation as a group		sum of the aggregate annual cash compensation of the named executives

(1) No compensation for services rendered

• Compensation of Directors

Other than a minimal per diem in the amount of ₦5,000.00 to ₦10,000.00 for each Board meeting attended, the Directors of the Company are not

compensated, directly or indirectly, for any services provided as such including committee participation or any special assignments.

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

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

- **Warrants and Options Outstanding**

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

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

Security Ownership of Certain Record and Beneficial Owners

The following are the owners of record of more than five percent (5%) of the Company's outstanding capital stock, the number of shares and percentage of shareholdings of each of them as of 31 December 2018.

Type of Class	Name, address of owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Amount of Ownership	Percent of Class
Common	Socorro P. Lim		Filipino	2,000,000,000	66.67%
Common	PCD Nominee Corporation	AP Securities, Inc. – 209,070,000 (6.97%)	Filipino	621,947,429	20.73%
Common	Nathaniel C. Go		Filipino	260,000,000	8.67%

Security Ownership of Management

The following are the number of common shares owned of record by the directors and executive officers of the Company and the percentage of shareholdings of each of them, as of December 31, 2018:

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	Delfin S. Castro, Jr. Director, CFO, Treasurer and Assistant Corporate Information Officer	10,000 (Direct)	Filipino	0.00%
Common	Ramoncitu Cabalu Director	1,000 (Direct)	Filipino	0.00%
Common	Richard N. Palou Director	10,000 (Direct)	Filipino	0.00%
Common	Manuel Go Ong Independent Director	1,000 (Direct)	Filipino	0.00%
Common	Felixes G. Latonero Independent Director	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	52,000		0.00%

Changes in Control

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

Item 12. Certain Relationships and Related Transactions

Transactions With Related Parties:

The Company extended advances to a stockholder which amounted to ₱2,042,076 and ₱2,584,892 of December 31, 2018 and 2017, respectively.

Transactions With Key Management Personnel:

The Company avails of the services rendered by lawyers who are also key management personnel of the Company. The related legal fees for 2017 amount to ₱875 thousand.

PART IV – CORPORATE GOVERNANCE

As indicated in SEC Memorandum Circular No. 15 dated 15 December 2017, the 2018 Annual Corporate Governance Report will be submitted in a separate report on or before 30 May 2019.

PART V – EXHIBITS AND SCHEDULES

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

(a) Exhibits

None.

(b) Reports on SEC Form 17-C

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

<i>Date of Event Reported</i>	<i>Event Reported</i>
Jan. 31, 2018	Postponement of Annual Stockholders' Meeting
Jan. 31, 2018	Appointment of Mangay-ayam , Lim & Co. as the External Auditor for the year ended December 31, 2017.
April 5, 2018	Approval of the final draft of the Annual Financial Statements and Annual Report.
August 24, 2018	The following matters were taken up during the Corporate Governance Committee meeting : (1) Approval of the Amended Code of Business Conduct and Ethics, (2) Appointment of Venus L. Gregorio as Investor Relations Officer.
December 13, 2018	Appointment of Punongbayan & Araullo as the External Auditor for the year ended December 31, 2018.
	Annual stockholders' meeting and organizational Meeting of the Board of Directors.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Mandaluyong City on April 11, 2019.

By:



ANTONIO VICTORIANO F. GREGORIO III
Chairman of the Board



CHI HO CO
President



DELFIN S. CASTRO, JR.
CFO/ Treasurer



GINA C. PASION
Interim Accountant



VENUS L. GREGORIO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 11 day of APR 2019 2019
affiants exhibiting to me

Name	ID No.
Antonio V.F. Gregorio III	TIN 201-897-602
Chi Ho Co	TIN 167-858-435
Delfin S. Castro, Jr.	TIN 164-381-790
Venus Gregorio	TIN 181-964-522
Gina Pasion	TIN 165-705-315

Doc. No. :
Page No. :
Book No. :
Series of 2019.

94
19
14

ATTY. JUAN JAVIER MOLACCO
NOTARY Public DEC. 31, 2010
ISP NO. 047514 - 18- P-A-001
PTB NO. 140014 - 18-211 - MAND. CITY
RELLNO. 0-61 - TALE NO. 007100 - 001-1
UNIT OF C-7, BLOCK 04, SECTION 01
BRGY. PLAINVIEW, MAND. CITY



P&A
Grant Thornton

An instinct for growth™

Financial Statements and
Independent Auditors' Report

Lodestar Investment Holdings Corporation

December 31, 2018

(*With Comparative Figures for 2017 and 2016*)



Report of Independent Auditors

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

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

Report on the Audit of the Financial Statements

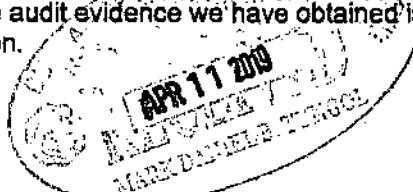
Opinion

We have audited the financial statements of Lodestar Investment Holdings Corporation (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the comparative figures for the year ended December 31, 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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



Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which indicates that the Company has no commercial operations and it has a deficit as at December 31, 2018 and 2017. As stated in Note 1, this condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In response to this matter, the Company has started implementing its capital raising plans by issuance of its remaining unissued shares amounting to P26.0 million in October 2016; increasing its authorized capital stock; and, issuance of P200.0 million shares of stock to a new investor in 2017. These provided the Company investable funds and working capital for prospective projects, and it is now looking for opportunities in various business sectors that are viable, growing and profitable. Accordingly, the accompanying financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business. In connection with our audit, we have performed adequate audit procedures to verify the assumptions used by management in assessing the Company's ability to continue as a going concern. Our opinion is not modified in respect of the foregoing matter.

Key Audit Matters

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

Other Information

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

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

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

Other Matters

The Company's financial statements as of and for the year ended December 31, 2017 were audited by other auditors whose report dated April 5, 2018, expressed an unqualified opinion on those financial statements prior to restatement. As part of our audit of the 2018 financial statements, we have also audited the adjustments that were applied to restate the 2017 financial statements of the Company.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

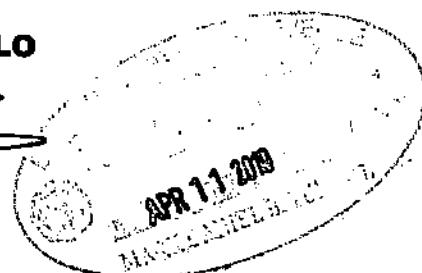
Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2018 required by the Bureau of Internal Revenue as disclosed in Note 16 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the 2018 audit resulting in this independent auditors' report is Christopher M. Ferarezza.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferarezza
Partner



CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 7333693, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 1185-AR-2 (until May 9, 2021)
Firm - No. 0002-FR-5 (until Mar. 28, 2021)
BIR AN 08-002511-34-2017 (until Jun. 19, 2020)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 5, 2019

LODESTAR INVESTMENT HOLDINGS CORPORATION

7th Floor Peaksun Building, 1505 Princeton Street corner Shaw Blvd.,
Brgy. Wack Wack Greenhills East, Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

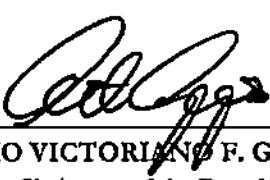
The management of Lodestar Investment Holdings Corporation (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2018 and 2017 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan and Araullo, and Mangay-ayam, Lim and Co., CPA's, the independent auditors appointed by the stockholders, have audited the financial statements of the Company in December 31, 2018 and 2017, respectively, in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.


ANTONIO VICTORIANO F. GREGORIO III
Chairman of the Board


CHI HO CO
President


DELFIN S. CASTRO, JR.
Chief Financial Officer

Signed this 5th day of April 2019.

SUBSCRIBED AND SWORN to before me this 11 day of APR 2019 at Mandaluyong City.

NAME	TIN
Antonio Victoriano F. Gregorio III	TIN 201-897-602-000
Chi Ho Co	TIN 167-858-435-000
Delfin S. Castro, Jr.	TIN 164-381-790-000

Doc No.: 60
Page No.: 17
Book No.: 14
Series of 2019

ATTY. JUAN JAIMIE D. NOLASCO
NOTARY PUBLIC UNTIL DEC. 31, 2010
IBP NO. 047509 - 1/3/13 - RIZAL
PTN NO. 38969C3 - 1/3/2019 - MAND. CITY
ROLL NO. 6680 / MOLE NO. V0017168 / 3/21/16
UNIT 3F CSV BLDG. MAYSILo CIRCLE
BRGY. PLAINVIEW MAND. CITY

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018
(With Comparative Figures for 2017)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2018</u>	<u>2017</u> (As restated - see Note 11)
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	7	P 237,494,282	P 236,181,874
Advances to a stockholder	10	2,042,076	2,584,892
Other current assets	8	<u>3,293,719</u>	<u>3,204,061</u>
TOTAL ASSETS		<u>P 242,830,077</u>	<u>P 241,970,827</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	9	P 2,148,376	P 1,048,219
EQUITY			
Capital stock	11	300,000,000	300,000,000
Additional paid-in capital		65,714,858	65,714,858
Deficit		(125,033,157)	(124,792,250)
Net Equity		<u>240,681,701</u>	<u>240,922,608</u>
TOTAL LIABILITIES AND EQUITY		<u>P 242,830,077</u>	<u>P 241,970,827</u>

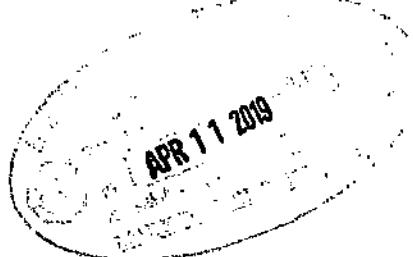
See Notes to Financial Statements.



LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018
(With Comparative Figures for 2017 and 2016)
(Amounts in Philippine Pesos)

	<u>Notes</u>	2018	2017 (As restated - see Note 11)	2016
REVENUE		P	P	P
EXPENSES				
Legal fees	10	875,000	840,000	820,000
Professional fees		618,000	733,540	785,100
Membership dues		256,000	258,000	253,000
Directors' fees		152,632	138,889	205,556
Printing and office supplies		46,805	70,175	46,023
Representation and entertainment		25,929	42,806	26,280
Taxes and licenses	16	15,174	15,444	144,724
Listing and filing fees		7,575	422,585	
Impairment loss	8	-		1,108,560
Transportation and travel		-		2,090
Depreciation		-		218
Miscellaneous		<u>16,933</u>	<u>28,657</u>	<u>121,871</u>
		<u>2,014,048</u>	<u>2,550,096</u>	<u>3,513,422</u>
OPERATING LOSS		2,014,048	2,550,096	3,513,422
FINANCE INCOME	7	<u>2,216,426</u>	<u>1,066,520</u>	<u>154,114</u>
PROFIT (LOSS) BEFORE TAX		<u>202,378</u>	(<u>1,483,576</u>)	(<u>3,359,308</u>)
TAX EXPENSE	13	<u>443,285</u>	<u>213,307</u>	<u>30,823</u>
NET LOSS		<u>240,907</u>	<u>1,696,883</u>	<u>3,390,131</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS		P <u>240,907</u>	P <u>1,696,883</u>	P <u>3,390,131</u>
LOSS PER SHARE	12	P <u>0.0001</u>	P <u>0.0007</u>	P <u>0.0034</u>

See Notes to Financial Statements.



LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018
(With Comparative Figures for 2017 and 2016)
(Amounts in Philippine Pesos)

Notes	Capital Stock (Note 11)	Additional Paid-in Capital (Note 11)	Deposit for Future Stock Subscription (Note 11)	Deficit (Note 2)	Total
Balance at January 1, 2018					
As previously reported	P 300,000,000	P 66,714,858	P -	(P 125,792,250)	P 240,922,608
Effect of prior period adjustment	2 -	(1,000,000)	- -	1,000,000 -	- -
As restated	300,000,000	65,714,858	- -	(124,792,250) 240,922,608	
Total comprehensive loss for the year	- -	- -	- -	(240,907) (240,907)	
Balance at December 31, 2018	P 300,000,000	P 65,714,858	P -	(P 125,033,157)	P 240,681,701
Balance at January 1, 2017					
Transactions with stockholders:					
Subscription and issuance of shares	P 100,000,000	P 66,714,858	P 50,000,000	(P 123,095,367)	P 93,619,491
Transaction cost	11 2 -	(1,000,000)	- -	50,000,000 -	150,000,000 (1,000,000)
Total comprehensive loss for the year	- -	- -	- -	(1,696,883) (1,696,883)	
Balance at December 31, 2017	P 300,000,000	P 65,714,858	P -	(P 124,792,250)	P 240,922,608
Balance at January 1, 2016					
Transactions with stockholders:					
Subscription and issuance of shares	P 74,000,000	P 66,714,858	P -	(P 119,705,236)	P 21,009,622
Deposit for future subscription	26,000,000 - -	- -	- - 50,000,000	- - -	26,000,000 50,000,000
Total comprehensive loss for the year	- -	- -	- -	(3,390,131)	(3,390,131)
Balance at December 31, 2016	P 100,000,000	P 66,714,858	P 50,000,000	(P 123,095,367)	P 93,619,491

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018
(With Comparative Figures for 2017 and 2016)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2018</u>	2017 (As restated - see Note 11)	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax	P	202,378	(P 1,483,576)	(P 3,359,308)
Adjustments for:				
Interest income	7	(2,216,426)	(1,066,520)	(154,114)
Depreciation		-	-	218
Operating loss before working capital changes		(2,014,048)	(2,550,096)	(3,513,204)
Decrease (increase) in other current assets		(89,658)	3,390,975	998,256
Increase (decrease) in accounts payable and accrued expenses		1,100,157	(537,014)	36,753
Cash generated (used in) operations		(1,003,549)	303,865	(2,478,195)
Cash paid for final taxes	13	(443,285)	(213,307)	(30,823)
Net Cash From (Used) in Operating Activities		(1,446,834)	90,558	(2,509,018)
CASH FLOWS FROM INVESTING ACTIVITY				
Interest received		2,216,426	1,066,520	154,114
CASH FLOWS FROM FINANCING ACTIVITIES				
Collection (advances) from a stockholder - net	10	542,816	(727,816)	-
Proceeds from issuance of shares - net	11	-	149,000,000	26,000,000
Deposit for future stock subscription	11	-	-	50,000,000
Net Cash From Financing Activities		542,816	148,272,184	76,000,000
NET INCREASE IN CASH				
		1,312,408	149,429,262	73,645,096
CASH AT BEGINNING OF YEAR				
		236,181,874	86,752,612	13,107,516
CASH AT END OF YEAR				
	P	237,494,282	P 236,181,874	P 86,752,612

See Notes to Financial Statements.

LODESTAR INVESTMENT HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2018
(With Comparative Figures for 2017 and 2016)
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Corporate Information

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

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

1.2 Status of Operations

As indicated in Note 1.1, the Company has no commercial operations; hence, it continues to incur losses. It incurred net losses of P240,907 in 2018, P1,696,883 in 2017 and P3,390,131 in 2016, which further increased its deficit of P124,792,250 as at December 31, 2017 to P125,033,157 as at December 31, 2018. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In response to this matter, the Company has started implementing its capital raising plans by (1) issuance of its remaining unissued shares amounting to P26.0 million in October 2016; (2) increasing its authorized capital stock, which was approved by the SEC on June 14, 2017 (see Note 11.1); and, (3) issuance of P200.0 million shares of stock to a new investor in 2017 (see Note 11.1). These provided the Company investable funds and working capital for prospective projects, and it is now looking for opportunities in various business sectors that are viable, growing and profitable. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

1.3 Approval of Financial Statement

The financial statement of the Company as at and for the year ended December 31, 2018 (including the comparative financial statements as at December 31, 2017 and for the years ended December 31, 2017 and 2016) were authorized for issue by the Company's Board of Directors on April 5, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expenses and other comprehensive income in a single statement of comprehensive income.

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

In 2018, the Company restated certain accounts in the comparative financial statements for December 31, 2017 to properly record stock issuance cost (see Note 11.2). This did not affect prior years; hence, a third statement of financial position is not required.

(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 2018 that are Relevant to the Company

The Company adopted for the first time the following PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2018:

PFRS 9 (2014)	:	Financial Instruments
PFRS 15	:	Revenue from Contracts with Customers; Clarification to PFRS 15

Following are the relevant information about these standards and amendments:

(i) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 issued in 2009, 2010 and 2013. This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments, i.e., financial assets at amortized costs, fair value through profit and loss (FVTPL), and fair value through other comprehensive income (FVOCI);
- an expected credit loss (ECL) model in determining impairment of all debt financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of such financial assets; and,
- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

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

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

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

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

In 2018, the Company adopted PFRS 9, which was applied using the transitional relief allowed by the standard. This allows the Company not to restate its prior periods' financial statements. However, no significant impact was noted by the Company, both in relation to the classification and measurement of its financial asset as of December 31, 2018 and January 1, 2018.

The Company's adoption of PFRS 9 did not result in significant adjustments to the financial statements of the Company because its financial assets, which pertain solely to cash and advances to a stockholder, and its financial liabilities are still carried at amortized cost.

This was applied retrospectively; hence, the policies applicable to the comparative financial statements have been updated accordingly. The Company's new accounting policies relative to the adoption of PFRS 9 are fully disclosed in Notes 2.3 and 2.5.

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

The Company's adoption of PFRS 15 had no impact on its financial statements because it has no commercial operations yet. Its income is currently limited to finance income which is not within the scope of PFRS 15. Nevertheless, the relevant accounting policies and disclosures of the Company have been updated to conform well with the provisions of PFRS 15. Refer to Note 2.8 for the updated revenue recognition and measurement policy of the Company.

(b) *Effective in 2018 that are not Relevant to the Company*

The following new amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the Company's financial statements:

PAS 40 (Amendments)	:	Investment Property – Reclassification to and from Investment Property
PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration
PFRS 4 (Amendments)	:	Insurance Contracts – Applying PFRS 9 with PFRS 4
Annual Improvements to PFRS (2014-2016 Cycle)	:	Investment in Associates – Classification on Fair Value Through Profit or Loss Classification
PAS 28 (Amendments)	:	First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions
PFRS 1 (Amendments)	:	

(c) *Effective Subsequent to 2018 but are not Adopted Early*

There are new PFRS, interpretation, amendments and annual improvements to existing standards effective for annual periods subsequent to 2018, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements.

- (i) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the SPPI test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.
- (ii) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

2.3 Financial Assets

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

(a) Classification, Measurement and Reclassification of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at FVTPL. Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of the Company's financial assets are described as follows.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All of the Company's financial assets meet these criteria and are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company's financial assets at amortized cost is presented in the statement of financial position as Cash and Advances to a stockholder. Cash includes demand deposits maintained in local banks that is unrestricted, readily available for use in the Company's operations and generally earning interest based on daily bank deposit rates.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized on the statement of comprehensive income as Finance Income.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) *Impairment of Financial Assets*

The Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for financial assets at amortized cost. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the expected credit losses, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(c) *Derecognition of Financial Assets*

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

2.4 Other Current Assets

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

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

2.5 Financial Liabilities

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

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

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities. Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.6 Offsetting Financial Instruments

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

2.7 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.

2.8 Revenue and Expenses Recognition

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time. Currently, the only source of income is interest income from its cash deposits which is within the scope of PFRS 9 [see Note 2.3(a)].

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

2.9 Income Taxes

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

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

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

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

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

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

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

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

2.10 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.

2.11 Equity

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

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

Deposit for future stock subscription represents the amount of money received from stockholders as deposit for subscription to a proposed increase in authorized capital stock that is pending approval by SEC. Based on the requirements of the SEC, the Company recognizes a deposit for future stock subscription as part of equity if all of the following criteria are met as at the end of the reporting period:

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

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

Deficit represents all current and prior period results of operations as disclosed in the statement of comprehensive income.

2.12 Loss Per Share

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

2.13 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

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

(a) *Determination of ECL on Advances to a stockholder*

ECL for advances was assessed by the management to have a low probability of default since it is from a stockholder and can be required to pay if the Company needs funds.

(b) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.7 and disclosures on relevant provisions and contingencies are presented in Note 14.

3.2 Key Source of Estimation Uncertainty

The only key assumption concerning the future and other key source of estimation uncertainty at the end of the reporting period that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period relates to the determination of realizable amount of deferred tax assets.

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

As at December 31, 2018 and 2017, the Company did not recognize any deferred tax asset as the Company is not expected to have sufficient taxable profits against which it can be applied before the validity periods of the related temporary differences expire (see Note 13).

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has not yet started commercial operations as of December 31, 2018 and is not exposed to significant financial risk, except for credit risk of its cash in bank and advances to a stockholder, and liquidity risk related to its accounts payable.

The maximum credit risk exposure of the Company as of December 31, 2018 and 2017 amounted to P239,532,358 and P238,762,766, respectively, representing cash and advances to a stockholder. For cash, management believes that the credit risk is negligible because the counterparty is a reputable bank.

The Company's financial liabilities amounting to P2,103,674 and P984,550 as of December 31, 2018 and 2017, respectively, are expected to be settled within six months from the end of the reporting period. Also, management believes that its liquidity risk is minimal considering its parent company will continue to provide financial support to the Company until the Company is able to support its own operations (see Note 11).

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

5.1 Carrying Amounts and Fair Values by Category

The Company has no financial instruments carried at fair value. For its financial assets and financial liabilities as of December 31, 2018 and 2017 that are carried at amortized cost, management has determined that their carrying amounts approximate or equal their fair values due to their short-term nature. Accordingly, a comparison of their carrying values and fair values is no longer presented.

See Notes 2.3 and 2.5 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

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

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

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

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

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

As disclosed in Note 5.1, the carrying values of the Company's financial instruments carried at amortized cost approximate or equal their fair values, accordingly, no further analysis of fair value in the hierarchy is presented. Nevertheless, among them, only cash is considered Level 1; all the rest are determined to be Level 3 in the fair value hierarchy (see Note 5.2).

6. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

The Company's debt-to-equity ratio at December 31, 2018 and 2017 is presented below.

	<u>2018</u>	<u>2017</u>
Total liabilities	P 2,148,376	P 1,048,219
Total equity	<u>240,681,701</u>	<u>240,922,608</u>
Debt-to-equity ratio	<u>0.009 : 1.00</u>	<u>0.004 : 1.00</u>

7. CASH

As of December 31, 2018 and 2017, cash in banks, which generally earn interest based on daily bank deposit rates. Effective annual interest earned from cash in bank range from 0.25% to 0.50% both in 2018 and 2017. Interest income earned from cash in banks amounted to P2,216,426 in 2018, P1,066,520 in 2017 and P154,114 in 2016 and are presented as Finance Income in the statements of comprehensive income.

8. OTHER CURRENT ASSETS

This account is composed of the following:

	Note	<u>2018</u>	<u>2017</u>
Input value-added tax (VAT)	16(b)	P 3,185,632	P 3,122,374
Advances to contractor		<u>1,108,560</u>	1,108,560
Deferred input tax		<u>60,000</u>	33,600
Others		<u>48,087</u>	48,087
		<u>4,402,279</u>	4,312,621
Allowance for impairment loss		(<u>1,108,560</u>)	(<u>1,108,560</u>)
		<u>P 3,293,719</u>	<u>P 3,204,061</u>

The Company's other current assets have been reviewed for indicators of impairment. Advances to contractor was determined to be impaired; hence, 100% allowance for impairment has been recognized in the 2016 statement of comprehensive income. There were no additional impairment losses recognized in 2018 and 2017.

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

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account is composed of the following:

	Note	2018	2017
Accrued expenses	10.2	P 2,103,674	P 984,550
Others		<u>44,702</u>	<u>63,669</u>
		<u>P 2,148,376</u>	<u>P 1,048,219</u>

Accrued expenses mainly comprise of legal and professional fees.

10. RELATED PARTY TRANSACTIONS

The Company's related party includes its stockholders, key management personnel and others as described in Note 2.10. Its transactions with its related parties follow.

10.1 Advances to a Stockholder

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

The movements in the balance of advances to a stockholder, shown as Advances to a Stockholder in the statements of financial position as at December 31, 2018 and 2017 are as follows:

	2018	2017
Balance at beginning of year	P 2,584,892	P 1,857,076
Collections	(542,816)	(2,772,184)
Advances	-	3,500,000
Balance at end of year	<u>P 2,042,076</u>	<u>P 2,584,892</u>

Based on management's assessment, the outstanding balance of the Company's advances to a stockholder is not impaired as at December 31, 2018 and 2017; hence, no impairment loss was recognized in those years.

10.2 Legal Services

Legal services rendered to the Company by certain officers of the Company amounted to P875,000 in 2018, P840,000 in 2017 and P820,000 in 2016 and is presented as Legal Fees in the statements of comprehensive income. Total outstanding balances related to these transactions amount to P1,356,924 and P504,000 as at December 31, 2018 and 2017 and are presented as part of Accrued expenses under the Accounts Payable and Accrued Expenses account in the statements of financial position (see Note 9). The outstanding balance is unsecured, noninterest-bearing and payable in cash.

10.3 Use of Related Party's Office Space

The Company is allowed by a related party under common ownership to use its office space at no cost to the Company.

10.4 Key Management Personnel Compensation

Management of the Company is handled by employees of a related party under common ownership at no cost to the Company.

11. EQUITY

11.1 Capital Stock

The Company's authorized capital stock is P300.0 million divided into 3.0 billion shares at P0.10 par value per share which have been fully issued and outstanding as at December 31, 2018 and 2017.

On May 26, 1989 and October 19, 2010, the SEC approved the listing of the Company's 50.0 million shares and 14.0 million shares, respectively, in the PSE (see Note 1). On September 14, 2010 and October 19, 2010, the 50.0 million shares and 14.0 million shares were increased to 500.0 million shares and 140.0 million shares, respectively, totaling to 640.0 million shares due to the reduction in the par value from P1.0 to P0.10 per share. Other than this, it has no other securities listed in the exchanges. As at December 31, 2018, 24.67% of the issued and outstanding shares are held by the public. The Company's shares closed at P0.56 per share on December 27, 2018.

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

- (i) Proposed reduction in the par value of the shares of stock of the Company from P1.00 to P0.10 per share, resulting in a stock split of 10 shares for every one share issued and an increase in the number of authorized capital stock from 100.0 million shares to 1.0 billion shares. A share buy-back program was also adopted, which will depend on the Company's retained earnings and the market price of the Company's shares under such terms and conditions to be determined and set by the BOD.
- (ii) Proposed increase in the authorized capital stock of the Company from P100.0 million divided into 100.0 million shares at P1.00 par value per share to P300.0 million divided into 3.0 billion shares at P0.10 par value per share.

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

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

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

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

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

On December 8, 2016, during the annual stockholders' meeting of the Company, the stockholders confirmed, ratified and re-adopted the 2009 stockholders' approval of the increase in the authorized capital stock of the Company. On the resolution passed on December 17, 2009 during the annual meeting of stockholders, the stockholders approved the proposed increase in authorized capital stock from P100.0 million divided into 100.0 million shares at a par value of P1 per share to P300.0 million divided into 3.0 billion shares at the reduced par value of P0.10 per share without stockholders' pre-emptive right. The net increase of P200.0 million has been fully subscribed in 2016 and a P50.0 million payment was received. This was treated in the 2016 financial statements as deposit for future stock subscription pending approval by the SEC of the increase in authorized capital stock. The proposed increase in capital stock was approved by the SEC on June 14, 2017, after which the balance of the subscription was paid in full.

11.2 Prior Period Adjustment

Deficit and APIC as of December 31, 2017 have been restated to correct the treatment of transaction cost in connection with the Company's issuance of shares in 2017. It was originally recognized as expense. The prior period adjustment reduced both deficit and APIC as well as net loss in 2017 by P1,000,000.

The restatement had no significant impact to the Company's statements of cash flows, except for the decrease in loss before tax and net cash used in operating activities by the same amount discussed above.

12. LOSS PER SHARE

Loss per share is computed as follows:

	2017 (As Restated – see Note 13)	2016
	<u>2018</u>	<u>2016</u>
Net loss	P 240,907	P 1,696,883 P 3,390,131
Weighted average number of outstanding common shares	<u>3,000,000,000</u>	<u>2,500,000,000</u> <u>1,000,000,000</u>
Loss per share	P 0.0001	P 0.0007 P 0.0034

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

13. INCOME TAXES

The tax expense reported in profit or loss pertains to final tax expense at 20% amounting to P443,285 in 2018, P213,307 in 2017, and P30,823 in 2016.

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

	2017 (As Restated – see Note 11.2)	2016
	<u>2018</u>	<u>2016</u>
Tax on pretax profit (loss) at 30%	P 60,713 (P 445,073) (P 1,007,792)	
Adjustment for income subjected to lower tax rate	(221,643) (106,649) (15,412)	
Tax effects of:		
Unrecognized deferred taxes	596,436	1,050,387
Non-deductible expenses	7,779	14,642
Deductible stock issuance cost	- (300,000)	- (85,409)
Tax expense	P 443,285 P 213,307 P 30,823	

The Company is subject to MCIT which is computed at 2% of gross income, as defined under tax regulations, or regular corporate income tax (RCIT), whichever is higher. No MCIT was reported in 2018, 2017 and 2016 since the Company is in a gross loss position in those years.

The Company has incurred net operating loss carryover (NOLCO) in 2018 and in the previous years. The breakdown of NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred, is shown below.

Year Incurred	Original Amount	Expired Balance	Remaining Balance	Valid Until
2018	P 1,988,119	P -	P 1,988,119	2021
2017	3,501,290	-	3,501,290	2020
2016	2,120,165	-	2,120,165	2019
2015	<u>21,969,339</u>	<u>21,969,339</u>	<u>-</u>	
	<u>P 29,578,913</u>	<u>P 21,969,339</u>	<u>P 7,609,574</u>	

The Company did not recognize any deferred tax asset on its NOLCO and allowance for impairment on receivables as at December 31, 2018 and 2017 because management does not expect the Company to have sufficient taxable profit against which the deferred tax assets can be utilized prior to lapse of their validity period. The unrecognized deferred tax assets related to NOLCO and allowance for impairment as at December 31, 2018 and 2017 amount to P2,615,440 and P8,609,806, respectively.

In 2018, 2017 and 2016, the Company opted to continue claiming itemized deductions for income tax purposes.

14. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the financial statements. As at December 31, 2018 and 2017, management believes that losses, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

15. EVENT AFTER THE END OF THE REPORTING PERIOD

On February 20, 2019, Republic Act No. 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (the Revised Corporation Code), was signed into law. Among the provisions of the Revised Corporation Code, the following would impact the Company's financial statements.

- The Revised Corporation Code removed the 50-year maximum corporate term. Hence, stock corporation may have unlimited life unless otherwise provided in the articles of incorporation; and,
- The Revised Corporation Code removed the subscription requirement of 25% of authorized capital stock and paid-up capital requirement of 25% of subscribed capital stock.

16. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Following is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year which is required under Revenue Regulations (RR) No. 15-2010 of the Bureau of Internal Revenue (BIR) to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) *Output VAT*

In 2018, the Company had no revenues earned subject to output VAT.

(b) *Input VAT*

The movements in input VAT is summarized below.

Balance at beginning of year	P 3,122,374
Purchase of services	61,920
Domestic purchases of goods other than capital goods	<u>1,338</u>
Balance at end of year	<u>P 3,185,632</u>

The balance of input VAT is presented as Input VAT under the Other Current Assets account in the 2018 statement of financial position (see Note 8).

(c) *Taxes on Importation*

The Company did not incur or pay any customs duties and tariff fees as it did not have any importation in 2018.

(d) *Excise Tax*

The Company did not have any transaction in 2018 which is subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The Company did not have any transaction in 2018 which is subject to DST.

(f) *Withholding Taxes*

Expanded withholding taxes amounted to P66,282 for the year ended December 31, 2018. No other withholding taxes was recognized by the Company in 2018.

(g) *Taxes and Licenses*

Details of taxes and licenses for the year ended December 31, 2018 is presented under Expenses in the 2018 statement of comprehensive income follow:

Business taxes and permits	P	11,646
Barangay clearance		1,615
Community tax		500
Annual registration fee		500
Others		<u>913</u>
	P	<u>15,174</u>

(h) *Deficiency Tax Assessment and Tax Cases*

As at December 31, 2018, 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.



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

**The Board of Directors and the Stockholders
Lodestar Investment Holdings Corporation
7th Floor, Peaksun Bldg., 1505 Princeton St.
corner Shaw Blvd., Wack Wack Greenhills East
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, 2018, on which we have rendered our report dated April 5, 2019. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, as amended, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

- a. Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2018, and,
- b. Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2018.

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

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

PUNONGBAYAN & ARAULLO



By: **Christopher M. Ferarez**
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 7333693, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 1185-AR-2 (until May 9, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-34-2017 (until Jun. 19, 2020)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 5, 2019

Lodestar Investment Holdings Corporation
List of Supplementary Information
December 31, 2018

Schedule	Content	Page No.
Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68		
A	Financial Assets	
	Financial Assets at Fair Value Through Profit or Loss	1
	Held-to-maturity Investments	1
	Available-for-sale Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Intangible Assets - Other Assets	4
E	Long-term Debt	5
F	Indebtedness to Related Parties	6
G	Guarantees of Securities of Other Issuers	7
H	Capital Stock	8
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2018	9
	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, 2018	10 - 13
	Map Showing the Relationship Between the Company and its Related Entities	14
	Key Performance Indicators	15

Lodestar Investment Holdings Corporation
Schedule A - Financial Assets
December 31, 2018

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

Not applicable

Lodestar Investment Holdings Corporation
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2018

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

Not applicable

Lodestar Investment Holdings Corporation

Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2018

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

Not applicable

Lodestar Investment Holdings Corporation
Schedule D - Intangible Assets - Other Assets
December 31, 2018

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

Not applicable

Lodestar Investment Holdings Corporation
Schedule E - Long-term Debt
December 31, 2018

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

Lodestar Investment Holdings Corporation
Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2018

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

Not applicable

Lodestar Investment Holdings Corporation
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2018

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

Not applicable

Lodestar Investment Holdings Corporation
Schedule H - Capital Stock
December 31, 2018

<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding as Shown Under Related Financial Condition Caption</i>	<i>Number of Shares Reserved for Options, Warrants, Conversion and Other Rights</i>	<i>Number of Shares Held by</i>		
				<i>Related Parties</i>	<i>Directors, Officers and Employees</i>	<i>Others</i>
Common shares	3,000,000,000	3,000,000,000	-	52,000	2,999,948,000	

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

Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2018

The Company has a deficit as at December 31, 2018. Presented below is an analysis of the deficit for purposes of this required reconciliation.

DEFICIT AT BEGINNING OF YEAR	P	124,792,250
Net loss for the year		<u>240,907</u>
DEFICIT AT END OF YEAR	P	<u>125,033,157</u>

LODESTAR INVESTMENT HOLDINGS CORPORATION
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2018

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
<i>Philippine Financial Reporting Standards (PFRS)</i>				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans	✓		
	Amendments to PFRS 1: Deletion of Short-term Exemptions	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Remeasurement of Previously Held Interests in a Joint Operation <i>(effective January 1, 2019)</i>			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments</i> , with PFRS 4, <i>Insurance Contracts</i>			✓
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**	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments (2014)	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation* <i>(effective January 1, 2019)</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (<i>effective date deferred indefinitely</i>)			✓
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
	Amendment to PFRS 11: Remeasurement of Previously Held Interests in a Joint Operation (<i>effective January 1, 2019</i>)			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers**	✓		
PFRS 16	Leases (<i>effective January 1, 2019</i>)			✓
PFRS 17	Insurance Contracts (<i>effective January 1, 2021</i>)			✓
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	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 10	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 11	Events After the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Amendment to PAS 12 - Tax Consequences of Dividends* (<i>effective January 1, 2019</i>)			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants**	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 21	The Effects of Changes in Foreign Exchange Rates Amendments: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs Amendment to PAS 23: Eligibility for Capitalization			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements Amendments to PAS 27: Investment Entities Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (<i>effective date deferred indefinitely</i>) Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception Amendment to PAS 28: Measurement of Investment in Associates at Fair Value through Profit or Loss Amendment to PAS 28: Long-term Interest in Associates and Joint Venture (<i>effective January 1, 2019</i>)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation Amendments to PAS 32: Classification of Rights Issues Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions Amendments to PAS 39: The Fair Value Option** Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts** Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives** Amendments to PAS 39: Eligible Hedged Items** Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting**	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property			✓
	Amendment to PAS 40: Reclassification to and from Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
<i>Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)</i>				
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**	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty Over Income Tax Treatments (effective January 1, 2019)*			✓
<i>Philippine Interpretations - Standing Interpretations Committee (SIC)</i>				
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 2018 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, 2018

Not applicable

LODESTAR INVESTMENT HOLDINGS CORPORATION
Key Performance Indicators
December 31, 2018

	2018	2017	2018	2017
a.) Current Ratio				
Current Assets	P 242,830,077	P 241,970,827	113.03	230.84
Current Liabilities	2,148,376	1,048,219		
b.) Quick Ratio				
Cash	237,494,282	236,181,874	110.55	225.32
Current Liabilities	2,148,376	1,048,219		
c.) Debt-to-equity Ratio				
Debt	2,148,376	1,048,219	0.01	0.00
Equity	240,681,701	240,922,608		
d.) Book value per share				
Equity	240,681,701	240,922,608	0.08	0.08
No. of Shares Outstanding	3,000,000,000	3,000,000,000		
e.) Net Profit Margin				
<i>Not applicable. The Company is in a net loss position in 2018 and 2017 since it has not yet started its commercial operations.</i>				
f.) Asset to Equity Ratio				
Assets	242,830,077	241,970,827	1.01	1.00
Equity	240,681,701	240,922,608		
g.) Interest Rate Coverage Ratio				
<i>Not applicable. The Company has no borrowings in 2018 and 2017.</i>				
h.) Gross Profit Margin				
<i>Not applicable. The Company has no revenue in 2018 and 2017 since it has not yet started its commercial operations.</i>				

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

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

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

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (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)	242,830.00	241,971.00
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	242,830.00	241,971.00
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	237,494.00	236,182.00
A.1.1.1 On hand	4.00	4.00
A.1.1.2 In domestic banks/entities	237,490.00	236,178.00
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)		
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)		
A.1.2.1.1 Due from customers (trade)		
A.1.2.1.2 Due from related parties		
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)		
A.1.2.1.3.1		
A.1.2.1.3.2		
A.1.2.1.4 Allowance for doubtful accounts (negative entry)		
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)		
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)		
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)		
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

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

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

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

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

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

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

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	5,336.00	5,789.00
A.1.5.1 Advances sto stockholder	2,042.00	2,585.00
A.1.5.2 Others	3,294.00	3,204.00
A.1.5.3		
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	0.00	0.00
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement		
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment		
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)		
A.2.5.1 Property, or equipment used for education purposes		
A.2.5.2 Construction in progress		
A.2.5.3 Office Equipment	71.00	71.00
A.2.5.4		
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)		
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	-71.00	-71.00
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)		
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)		
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

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

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

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

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	0.00	0.00
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Input VAT		
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)		
A.10.4.1 Deposit for future stock investment	0.00	0.00
A.10.4.2		
A.10.4.3		
A.10.4.4		
A.10.4.5		
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	2,148.00	1,048.00
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)	2,148.00	1,048.00
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)	2,148.00	1,048.00
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Trade Payables		
B.1.1.3 Payables to Related Parties		
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)		
B.1.1.5.1 Accrued Expenses	2,104.00	984.00
B.1.1.5.2		
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	44.00	64.00
B.1.1.6.1 Advances from Stockholders	0.00	0.00
B.1.1.6.2 Income tax payable	0.00	0.00
B.1.1.6.3 Others	44.00	64.00
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)		
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)		
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

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

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

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

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions		
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)		
B.5.1 Deferred Tax		
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)		
B.5.2.1		
B.5.2.2		
B.5.2.3		
B.5.2.4		
B.5.2.5		
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	240,682.00	240,923.00
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	1,000,000.00	1,000,000.00
C.1.1 Common shares	1,000,000.00	1,000,000.00
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	300,000.00	300,000.00
C.3.1 Common shares	300,000.00	300,000.00
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	65,715.00	65,715.00
C.5 Minority Interest		
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	0.00	0.00
C.6.1 Revaluation reserve on available-for-sale financial assets		
C.6.2 Deposit for Future Subscription		
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	(125,033.00)	(124,792.00)
C.8.1 Appropriated		
C.8.2 Unappropriated	(125,033.00)	(124,792.00)
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)	242,830.00	241,971.00

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

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

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

Table 2. Income Statement

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	2,216.00	1,066.00
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)	2,216.00	1,066.00
A.4.1 Interest Income	2,216.00	1,066.00
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 a liability		
A.4.3.2 Loss on cancellation of an agreement		
A.4.3.3		
A.4.3.4		
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)		
A.4.4.1 Gain / (Loss) on Foreign Exchange		
A.4.4.2		
A.4.4.3		
A.4.4.4		
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)		
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)		
B.1.1 Direct Material Used		
B.1.2 Direct Labor		
B.1.3 Other Manufacturing Cost / Overhead		
B.1.4 Goods in Process, Beginning		
B.1.5 Goods in Process, End (negative entry)		
B.2 Finished Goods, Beginning		
B.3 Finished Goods, End (negative entry)		
C. COST OF SALES (C.1 + C.2 + C.3)		
C.1 Purchases		
C.2 Merchandise Inventory, Beginning		
C.3 Merchandise Inventory, End (negative entry)		
D. GROSS PROFIT (A - B - C)	2,216.00	1,066.00

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

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

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

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

Table 2. Income Statement

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	2,015.00	2,550.00
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)	2,015.00	2,550.00
E.4.1 Education-related expenditures		
E.4.2 Loss on sale of available-for-sale financial assets		
E.4.3 Management fees		
E.4.4 Professional fees	618.00	734.00
E.4.5 Salaries and wages		
E.4.6 Legal fees	875.00	840.00
E.4.7 Dues and subscriptions	256.00	258.00
E.4.8 Directors' fees	153.00	139.00
E.4.9 Printing and office supplies	47.00	70.00
E.4.10 Others	66.00	509.00
E4.10.1 Miscellaneous	43.00	71.00
E4.10.2 Taxes and Licenses	15.00	15.00
E4.10.3 Listing fees	8.00	423.00
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)	202.00	-1,483.00
H. INCOME TAX EXPENSE (negative entry)	-443.00	-213.00
I. INCOME(LOSS) AFTER TAX	-241.00	-1,696.00
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)		
J.1		
J.2		
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST		
L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
M. EARNINGS (LOSS) PER SHARE		
M.1 Basic	-0.001	-0.007
M.2 Diluted		

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION

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

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

COMPANY TYPE Holding Company PSIC: 6694

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

Table 3. Cash Flow Statements

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Net Income (Loss) Before Tax and Extraordinary Items</u>	<u>202.00</u>	<u>-1,483.00</u>
<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</u>		
Depreciation		
Amortization, specify		
Others, specify:		
<u>Interest income</u>	<u>-2,216.00</u>	<u>-1,066.00</u>
<u>Loss on cancellation of an agreement</u>		
<u>Derecognition of a liability</u>		
<u>Write-down of Property, Plant, and Equipment</u>		
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
<u>Receivables</u>		
<u>Inventories</u>		
<u>Other Current Assets</u>	<u>.90.00</u>	<u>3,391.00</u>
Others, specify:		
<u>Advances to a stockholder</u>		
<u>Other assets</u>		
Increase (Decrease) in:		
<u>Trade and Other Payables</u>	<u>1,100.00</u>	<u>-537.00</u>
<u>Income and Other Taxes Payable</u>		
Others, specify:		
<u>Advances from third parties</u>		
<u>Interest received</u>	<u>2,216.00</u>	<u>1,066.00</u>
<u>Cash paid for income taxes</u>	<u>-443.00</u>	<u>-213.00</u>
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	769.00	1,158.00
CASH FLOWS FROM INVESTING ACTIVITIES		
<u>(Increase) Decrease in Long-Term Receivables</u>		
<u>(Increase) Decrease in Investment</u>		
<u>Reductions/(Additions) to Property, Plant, and Equipment</u>		
Others, specify: <u>Acquisition of available-for-sale financial assets</u>		
<u>Proceeds from sale of available-for-sale financial assets</u>		
<u>Return of deposit for future stock investment</u>		
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	0.00	0.00
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
<u>Loans</u>		
<u>Long-term Debt</u>		
<u>Issuance of Securities</u>		
Others, specify:		
<u>Additional advances from stockholders</u>	<u>543.00</u>	<u>-729.00</u>
<u>Proceeds from subscribed capital stock</u>		<u>149,000.00</u>
<u>Proceeds from deposit for future subscription</u>		
Payments of:		
<u>(Loans)</u>		
<u>(Long-term Debt)</u>		
<u>(Stock Subscriptions)</u>		
Others, specify (negative entry) :		
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	543.00	148,271.00
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		
Cash and Cash Equivalents		
Beginning of year	<u>236,182.00</u>	<u>86,753.00</u>
End of year	<u>237,494.00</u>	<u>236,182.00</u>

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

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

NAME OF CORPORATION: LODESTAR INVESTMENT HOLDINGS CORPORATION

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

TEL. NO.: 928-9246

FAX NO.: 928-9246

COMPANY TYPE : Holding Company

PSIC: 6694

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

Table 4. Statement of Changes in Equity

(Amount in P'000)

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Revaluation Increment	Translation Differences	Retained Earnings	TOTAL
A. Balance, 2016	150,000.00	65,715.00	-	-	(123,095.00)	92,620.00
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					(1,697.00)	(1,697.00)
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	150,000.00					150,000.00
G.2 Preferred Stock						
G.3 Others- Deposit for Future Subscription						
H. Balance, 2017	300,000.00	65,715.00	-	-	(124,792.00)	240,923.00
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					(241.00)	(241.00)
L. Dividends (negative entry)						
M. Appropriation for (specify)						
M.1						
M.2						
M.3						
M.4						
M.5						
N. Issuance of Capital Stock						
N.1 Common Stock						-
N.2 Preferred Stock						-
N.3 Others - Deposit for future subscription						-
O. Balance, 2017	300,000.00	65,715.00	-	-	(125,033.00)	240,682.00