SuperCity Realty Development Corporation

Service… Reliability… Development… Care…

Date :	April 30, 2013	File No.	: PSE 2013-007
To :	Ms. Janet A. Encarnacion Head, Disclosure Department	From	: SRDC
Subject :	2012 Annual Report (SEC Form 17-A)		

Madam:

We hereby submit our Company's 2012 Annual Report filed under SEC Form 17-A.

If you have further questions, please feel free to call the undersigned.

Thank you.

Prepared by: Enrique C. Cunanan Officer-In-Charge	

SEC Number **A200008385**
File Number

SUPERCITY REALTY DEVELOPMENT CORPORATION
(Company's Full Name)

Unit 1223 City & Land Mega Plaza
ADB Avenue Corner Garnet Road
Ortigas Center Pasig City
(Company Address)

638-7779
(Telephone Number)

December 31
(Calendar Year Ending – Month & Day)

SEC Form 17-A
(Form Type)

Amendment Designation (If Applicable)

December 31, 2012
Period Ended Date

(Secondary License Type and File Number)

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, 2012**

2. SEC Identification Number **A200008385** 3. BIR Tax Identification No. **206-816-824**

4. Exact name of issuer as specified in its charter
SUPERCITY REALTY DEVELOPMENT CORPORATION

5. **METRO MANILA, PHILIPPINES**
Province, Country or other jurisdiction of incorporation or organization

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

7. **UNIT 1223 CITY & LAND MEGA PLAZA, ADB AVE.**
CORNER GARNET ROAD, ORTIGAS CENTER, PASIG CITY **1605**
Address of principal office Postal Code

8. **(632)6387779**
Issuer's telephone number, including area code

9. N/A
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding	
COMMON SHARES – P 1 par value	**No. of Shares**	**Amount**
Authorized	**155,000,000**	**155,000,000.00**
Issued	**110,000,000**	**110,000,000.00**
Subscribed	**110,000,000**	**110,000,000.00**

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

Yes [**X**] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE **COMMON STOCK**

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 [**X**] No [ ]

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

Yes [**X**] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates is computed as 110,000,000 shares x P **0.80/share = P 88,000,000.00**

14. Filing by issuers involved in insolvency/suspension of payments proceedings during the preceding five (5) years. **Not applicable**

15. Documents incorporated by reference. **None**

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Company Background

Supercity Realty Development Corporation, hereinafter referred to as SRDC, was registered with the SEC on June 9, 2000 under SEC Registration No. A200008385. The Company's authorized capital is ₱155,000,000.00 consisting of 155,000,000 Common Shares, with a par value of ₱1.00 per share. As of December 31, 2009, the Company had 110,000,000 Shares issued and outstanding.

The Company is authorized to engage in the business of construction, and related services and activities. It is authorized to act as a contractor or subcontractor for the construction of houses, buildings, roads, bridges and other construction projects for the private sector or the Government anywhere in the Philippines. It is also authorized to; (i) purchase, lease, exchange or otherwise acquire real properties, (ii) manage, subdivide and develop the same, and (iii) sell, transfer, convey or otherwise alienate or dispose of any such real properties and any interest or right therein.

History

The Company traces its beginnings to the early part of 2000, when a group of Filipino professionals that were formerly connected with Extraordinary Development Corporation decided to organize a construction services company. They envisioned their new company to cater to real estate developers that were focused on acquiring, developing, marketing and selling real estate end products rather than undertaking their own construction work. The incorporators of the Company that have remained as shareholders include; (a) Ferdinand Soliman, an engineer with 25 years of experience in the field of construction, planning and design, (b) Mylene Lim, an architect who has more than twenty (20) years of experience in the area of procurement of construction materials, (c) Wilfredo Uy, a certified public accountant (CPA) who gained expertise in the accountancy field through his 20 years practice as a CPA, and (d) Nimfa Leonco, who is currently connected with Asia Pacific Timber & Plywood Corporation.

Since the start of its commercial operations on October 1, 2000, the Company has completed a number of land development and housing projects. The Company's major completed and on-going projects are located in the following project sites: (a) Mabuhay City Subdivision in Cabuyao, Laguna, (b) Jubilation New Biñan Subdivision in Biñan, Laguna, (c) Eastwood Greenview Subdivision in San Isidro, Rodriguez, Rizal, (d) Eastwind Homes also in San Isidro, Rodriguez, Rizal, (e) Celebrity Place Walk-up Condominium in Quezon City, and (f) Centella Homes Subdivision in San Isidro, Rodriguez, Rizal.

Corporate Objectives

The Company's basic objectives are to provide a full range of construction services to real estate developers, and to provide them with technical assistance during the pre- and post-construction stages of their projects. It is usually engaged as a general contractor for land development and housing projects. The Company employs modern building system technology in its mass housing construction, and a management information system for its operations. It utilizes accredited labor subcontractors in order to maintain a relatively lean workforce.

In February 2008, the board has decided to wind down its construction business and re-focus the company's business into real estate development. However, as of December 31, 2012, the Company has not yet started any real development projects and thus the Company is still continuously engaged in the business of construction.

Vision-Mission

Mission Statement

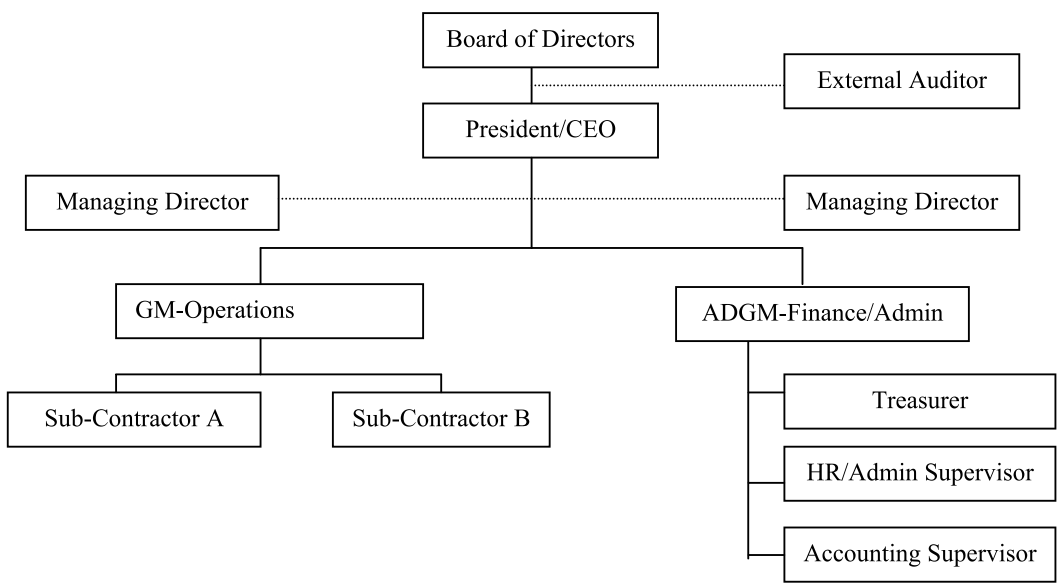
We are a leading construction company engaged in mass housing business providing total customer satisfaction using innovative and cost effective technology with the timely delivery of quality products and services.

Vision Statement

We are the trademark for total customer satisfaction in the mass housing construction by sustaining our competitive advantage through innovative products and services.

Organizational Structure

The following chart provides an overview of the organizational structure of the Company:



The Company's organization is relatively simple and flat. There are basically two major groups, namely: Operations, and Finance and Administration. However, there will be changes on the organizational structure when the Company's business re-focuses into real estate development.

A. Operations Group

The General Manager–Operations oversees the Project Managers in their respective construction project assignments. Each project team is responsible for the following functions: project estimating, project bidding and awarding, project implementation, and turnover of project after completion to the client. The Project and Site Engineers oversee and relate directly to the subcontractors to ensure that the latter's work quality and completion schedules meet the established standards and timetables.

B. Finance and Administration Group

The Acting Deputy General Manager-Finance/Administration, on the other hand, is in charge of overseeing the accounting, finance, human resource management, information management, and procurement functions within the Company.

Senior Management

The President and the Directors of the Company are the key persons responsible for obtaining leads to new projects, and establishing rapport with clients. Senior management is also responsible for formulating key corporate strategies for the Company.

Ad Hoc Committees

Ad hoc committees or groups are also formed among employees from different departments for the preparation of research studies, formulation of the Company's guidelines and procedures, systems evaluation and integration, and the like.

Operations

The operations of the Company can be categorized into the following areas of activity: (a) Contract Bidding and Signing; (b) Project Implementation; (c) Collections; and (d) Accreditation of Subcontractors. The details of the various activities involved are presented below:

A. Contract Bidding and Signing

To facilitate the preparation of project estimates to be used in contract bidding, the Company maintains a BQ Library for all the house models and construction works that it has already undertaken. Prices of construction materials and labor are then updated in the said database. The system allows for the fast preparation of project cost estimates. The major steps involved in contract bidding and signing are:

1. Preparation of estimates based on plans and specifications of the client
2. Submission of bid proposal to the client
3. Conduct of clarifications on bid proposal
4. Evaluation and awarding of bids by the client
5. Execution of contracts
6. Issuance of the "Notice To Proceed" by the client

B. Project Implementation

A project implementation plan is first prepared, discussed with, and agreed upon with the developer in order to ensure the proper implementation of the project, and to avoid conflict or argument during and after the implementation. The project implementation plan is also discussed with the subcontractors to have a common understanding on implementation procedures. The implementation plan has the following information: (a) schedule of activities, (b) number of days, (c) manpower requirement and deployment, (d) materials delivery schedule, (e) percentage of accomplishment and/or milestone, and (f) actions to be taken when unforeseen events occur. The construction methodology in undertaking certain activity is also discussed and agreed upon.

The major steps in the actual project implementation are as follows:

1. Presentation and approval of implementation plan
2. Purchase of construction materials required
3. Engagement of the services of the accredited subcontractors (evaluation of subcontractors is done in advance)

4. Implementation based on plans and specifications
5. Conduct of ocular inspection to ensure quality and timely delivery of the project
6. Turnover of the project to the client upon completion

C. Collections

The Company maintains a database file for all project contracts obtained. This file is updated semi-monthly to reflect the corresponding project accomplishment and for setting up of receivables. For contracts or projects that allow for percentage of completion billings, the Company normally bills clients twice a month. For contracts based on progress billings, billings are only made when a certain project milestone is achieved.

The Company normally requires a 20% down payment on its contracts, and is billed upon contract signing. Clients, on the other hand, retain 10% of the contract price for a period of 60 days from the time the project is completed and turned over by the Company. The said retention amount is a normal industry practice and is meant to cover any costs and expenses for modifications, defects, or repairs on the project.

The major steps in collections are as follows:

1. Preparation of billing for down payment after the signing of contract
2. Preparation of periodic billings
3. Submission of billing to the client for approval
4. Follow up and collection of payment

D. Accreditation of Subcontractors

The Company employs accreditation procedures for all its subcontractors to ensure that its subcontractors have the capability to handle the projects awarded to them. The subcontractors are re-evaluated periodically to update their classification. Subcontractors that deliver quality services on time or ahead of time are usually compensated with better rates for their next project with the Company.

The Company has also established a subcontractor's code of conduct that must be observed at all times to ensure safety, cleanliness, and orderliness at the project site.

The major steps in the accreditation process of subcontractors are as follows:

1. Issuance of pre-qualification checklist to the applicant subcontractors
2. Evaluation and verification of information on the checklist
3. Conduct of ocular inspection of the subcontractor's completed and on-going projects
4. Final evaluation of the applicant subcontractor
5. Issuance of accreditation certificate and assignment of subcontractor ID

<u>Products and Services</u>

A list of the products and services offered by the Company is presented as follows:

1. Construction of Houses

- 18-square meter Row House – CHB-load bearing
- 20-square meter Row House – CHB-load bearing
- 20-square meter Row House with Roofdeck – using steel wall form system
- 25-square meter Single-Attached/Single-Detached – using ordinary CHB
- 25-square meter Single-Attached/Single-Detached with Roofdeck – using steel wall forms
- Medium-scale and upscale houses
- 3-storey condominium

2. Land Development

- Earthworks
- Road concreting
- Waterline distribution system
- Box culverts
- Sewerline system
- Drainage system
- Perimeter fences

3. Specialty Works

- Elevated water tank
- Deep well
- Clubhouse
- Swimming pool
- Basketball court
- Entrance gate
- Guard house
- Parking lot

In addition to construction services, the Company provides facilitation services included as part of the contract for its end clients. These services include;

- Obtaining building permits composed of sanitary, plumbing, electrical, and occupancy permits,
- Obtaining water and fencing permits,
- Energizing a subdivision project's main power line,
- Arranging for individual meter and service deposit receipts for housing units

The contribution of the Company's various products and services to total revenues for the year 2012 are presented in the chart below.

Services	**Amount**	**%**
Housing	96,038	0.26%
Land Development	36,411,830	99.74%
Specialty/Miscellaneous Works	-	-
Total	**36,507,868**	**100%**

<u>Markets</u>

The Company's primary markets are the real estate developers. As a matter of corporate strategy, the Company has positioned itself to serve institutional or corporate clients rather than individual homebuyers in order to leverage on economies of scale for its construction projects. The Company also focuses on the construction of horizontal residential house and land development works for residential subdivisions. At present, the Company is focused on real estate developers that cater to the mass-, low-cost and middle-scale housing markets. The Company's present areas of operation are in the CALABARZON and Quezon City area. The Company caters to the Philippine market only and has no plans of getting into the international market.

<u>Distribution Methods of Products and Services</u>

The Company adopts a direct selling approach that involves establishing personal rapport in dealing with both existing and prospective clients. The Company also sends its corporate profiles to real estate developers. The Company's senior officers then make subsequent marketing calls to the principals of the said real estate developers and discuss areas where they can work together.

Competition

The Company is a construction services company that competes in the Philippines' construction industry. It primarily competes with independent construction firms that serve real estate developers involved in horizontal property development in the mass-housing, low-cost, medium- and upper-scale subdivision and home development categories. The Company also competes with other firms that operate in the CALABARZON areas. The major competitors of the Company include: (a), CMO Construction (b), ARRCEA Construction (c) RMT Construction, (d) Annex Builders, (e) WFC Construction, (f) KEEJANG Builders and (g) Mile-Hi Construction. These competitors are similar to the Company in terms of their primary market and capabilities. The Company believes that it can effectively compete with other companies in its area of competition because it uses modern construction technology, like the steel wall form system and T-joist system, for mass housing production. This allows for faster construction time, higher durability and lower overhead cost. Also, the Company has a pool of more than twenty (15) accredited subcontractors for housing, land development, and specialty works. Finally, the Company has good working relationships with its existing major clients that are major real estate developers in the Philippines. Recently, price has been the prevailing criteria of the developers in selecting their contractors. With this, the Company will offer its services at the lowest amount with the required quality of service though it expects a stiff competition among its competitors.

Sources of Materials and Supplies

The Company utilizes all the usual construction supplies and materials sourced from local suppliers. The Company is not dependent upon one or a limited number of suppliers for essential raw materials and supplies. Following are some of the principal suppliers of the Company:

Construction Materials	Major Supplier
For Housing Construction Projects	
1. Cement	Solid Cement Corp.
2. Steel Bar	E.V.Y. Construction and Development Corp.
3. White Sand	Rodelros Enterprises
4. Gravel	Kidtrans Movers
5. CHB	Quality Star Concrete Products
6. Lumber	Glory Lumber Hardware
7. PVC Products	Tanay Industries, Inc.
8. Hardware	Goldrich Industrial Sales
9. Paints	Mirage Trading, Inc.
10. Electrical Wires and Accessories	Sycwin Coating & Wires, Inc.
11. Plumbing Fixtures	D-Square Plumbing Supply, Inc.
12. Roofing	Philmetal Products, Inc.
13. Steel Roof Framing	Rapid Forming Corporation
14. Steel Fabrication Works	Rapid Forming Corporation
For Land Development Projects	
1. Concrete Pipes	Allied Concrete Products
2. Lastillas and Boulders	Maeann Enterprise
3. Escombro	Express Network Aggregates, Inc.
4. Ready Mix Concrete	Precision Readymix Inc.
5. Water Main Pipes & Fittings	Atlanta Industries
6. Gabion & Accessories	Freyssi Marketing
7. C. I. Fittings	Philippine Valve Manufacturing Co.

At present, the Company has no existing major supply contract. It procures its supplies on a project-to-project basis. Moreover, it usually awards to sub-contractors on a straight-contract agreement where the chosen sub-contractors will also provide the needed materials.

Major Clients

It has been the thrust of the Company to be a business partner of Real Estate Developers and as such it concentrates on serving the needs of its major clients namely: Extraordinary Development Corporation, Acerhomes Development Corporation, Earth+Style Corporation, One Asia Development Corporation, Kaiser Realty Development Corporation, Earth Aspire Corporation, Earth Prosper Corporation, and Verdantpoint Development Corporation. These are the eight (8) major clients which account for the majority of the Company's revenues.

For the year 2012, the Company has outstanding contracts as follows:

PROJECT NAME	LOCATION	AMOUNT
Eastwood Residences Phase 6	Montalban, Rizal	1,920,758
Eastwood Residences Phase 7	Montalban, Rizal	41,852,679
Total		43,773,437

Related Party Transactions

Please refer to Part III Item 12 of this report.

Subsidiaries and Affiliates

The Company does not have any subsidiaries or affiliates as of the date of filing.

Government Approvals

Under the Contractor's License Law (Republic Act No. 4566, as amended by Presidential Decree No. 1746), all construction companies intending to undertake construction activity in the Philippines must secure a contractor's accreditation from the Construction Industry Authority of the Philippines (CIAP). The Company filed an application for accreditation with the CIAP on October 27, 2003. License No. 31229, which was issued on January 30, 2004.

Applicable Laws and Regulations

Other than the regular business regulations common to all businesses, the Company is not aware of any existing or governmental regulations which could directly affect its business operations. Most of the regulations are imposed upon the developers, not on the construction companies.

Moreover, the Company is not aware of any environmental laws which will directly affect its business operations. The development and environmental permits issued by the DENR are generally required of developers of residential subdivisions and not of construction companies.

Research and Development

The Company does not engage third parties in its research and development activities. Such activities are conducted by the Company's in-house technical staff and officers. Thus, the amount spent in research and development activities is not substantial.

Manpower Complement

The manpower complement of the Company can be classified into employees and subcontractors.

A. Employees

As at December 31, 2012, the Company had a total of 5 full time employees. Among the Company's employees, 3 are regular employees while 2 are contractual. A summary of the different categories of the Company's employees is as follows.

Category	Number of Employees
Managerial	3
Supervisory	1
Rank and File	1
Total	**5**

None of the employees is subject to collective bargaining agreements (CBA). The employees did not stage any strike for the past three (3) years nor are they threatening to have one. Management and employee relationships have been cordial and complementary since the start of the Company's operations. The Company has no supplemental benefits or incentive arrangements as of the present, and has no plans to implement such in the future. However, with the plan to reorganize its organizational structure, the company had offered retrenchment program to its employees and had effected in the year 2008.

For the ensuing twelve (12) months, the Company anticipates that it will maintain its existing manpower and may not require any additional staff or officers.

B. Subcontractors

To provide the necessary manpower complement for land development, the construction of housing units, and specialty works, the Company engages the services of accredited independent subcontractors. The subcontractors are paid on a per contract basis. The number of the subcontractors utilized on any given contract or project will depend on the manpower requirement of the said contract or project.

The major subcontractors of SRDC include (a) JEP Construction and Manpower Services, (b) R.Q. Bandis Construction, (c) A.B. Canlas Builders, (d) Equilibrium Engineering, (e) Modern Innovation Construction, (f) TJTJ Construction and Supplies, (g) J.C. Rodriguez Construction Corp., (h) CSE Builders, (i) E. Bolivar Construction, (j) Gazam Trading, (k) W.C. Fuerte Construction, (l) Red Carmel Construction, (m) MMJF Buiilders and Trading, (n) F.T. Ortiz Builders, Inc., (o) Starclink Builders, (p) Val-dap Construction and (q) Arcea Builders.

Technology

The Company utilizes modern construction technology for its mass housing construction process, and management information systems for its operations. The following discussion presents a description of the Company's use of the said technologies:

A. Steel Wall Form System and T-joist System

The Company's steel wall form and T-joist systems for mass housing production represent an adaptation and innovation of existing Malaysian and American building technologies used in Asia, the United States, and Europe. The building systems were redesigned by the Company's engineers, and fabricated by local suppliers.

The steel wall form system combined with T-joist system has several advantages over the conventional CHB system in terms of construction time, cost, durability, aesthetic finish and overhead cost. The technology is designed for quick and easy assembly of housing units. It also utilizes relatively less manpower to construct a house skeleton in around eight (8) hours. This cuts down on labor and materials expenses for low-cost and/or socialized housing intended for mass production. The systems also allow the Company to undertake land development and housing construction at the same time, thereby cutting down construction time. However, with the plan to go into real estate business, the Company has sold majority of its construction equipment and tools.

B. MegaSystem

The Company utilizes the *MegaSystem* computer software for its information management. This software is a windows-based system that was designed specifically for the information management system of a construction company. The system is intended for the Company's easy recording and retrieval of information.

The following modules of the software are fully integrated:
- Project estimating
- Purchasing and inventory management
- Accounts payable and receivable management
- Sub-contractors management
- General ledger

The system provides for the timely processing and preparation of project cost estimates, bid proposals, billings, processing of sub-contractors' billings, suppliers' deliveries and governmental reporting requirements.

Assessment and Management of Risk

One of the risks that the Company is faced with is the competition within the industry. The Company would bank on its strengths over its competitors, particularly on the use of modern technology, its large pool of accredited subcontractors and its good working relationship with its clients to at least keep its stance in the industry.

Another risk is the Company's lean manpower organization. With this, it is inevitable that the Company relies on few key personnel. To counter this risk, the Company conducts training to its personnel and encourages the transfer of technology within the organization. Moreover, with the plan to re-focus its business, the Company must acquire new employees and at the same time had to retrench redundant employees.

The Company's reliance on its few existing clients poses another risk since the loss of any of these clients could have a material adverse impact on the Company. In 2007, the Company has added two (1) new client.

Another risk that the Company is exposed to is its contractual arrangements with independent subcontractors. Any event that will adversely affect the ability of the subcontractors to meet the Company's performance standards could also affect the Company's operations. To counter this, the Company maintains and adheres to an accreditation process for its subcontractors to minimize the risk of the latter's inability to meet quality and cost standards of the Company. Also included in the accreditation process is the requirement for the subcontractor to post a bond. This would reduce the risk of the subcontractor not to finish a project and would lessen the financial impact on the Company should the subcontractor fail to finish the project. Moreover, there is the risk that the subcontractor can become a competitor. To avoid this, the contracts between the Company and the subcontractors included a provision which states that while the subcontractors have existing contracts with the Company, they cannot engage their services directly with the developers. Should they do so, even after the contracts between the Company and the subcontractors have been served, the subcontractor will be taken out of the list of accredited subcontractors.

The price volatility of construction materials and natural calamities are risks inherent in the construction business. At present, the Company enters into relatively short-term construction contracts (about 3 – 6 months only) and practices hedging techniques to lock in prices when the prices are low. Also, since the contracts are short-term, the risk of loss that natural calamities may bring about is lessened. For service companies like the Company, the longer the contract, the higher the chances of loss since a long-term contract would be subject to more uncontrollable events which could continue to incur costs for the same contract revenue. With short-term contracts, there is early realization of revenue.

Item 2. Properties

The principal office of the Company is located at Unit 1223 City and Land Mega Plaza, ADB Ave. Corner Garnet Road, Ortigas Center, Pasig City. The Company currently **leases** the 30 square meter office space from Anchor Collection Service, Inc. for a monthly rental of **₱12,000.00**. The lease is for a term of one (1) years, or until September 15, 2013, renewable under such terms and conditions agreed upon by both parties.

The Company purchased a 21,668 square meter property worth ₱1,800.00 per square meter in March 2002 with TCT No. T-330670. The property is in a commercial/residential zone located in Bacoor, Cavite. The tax clearance certificate, having been issued by the BIR, the transfer certificate of title was issued under TCT No. 1019508 by the Register of Deeds of Cavite. Title to the property reveals no liens or encumbrances. However, this property is sold in the year 2009.

SRDC also uses container vans measuring 2.4 meters x 2.4 meters. x 6.0 meters to serve as field offices, which can be moved to different locations and can accommodate up to four (4) office tables per van. The Company also utilizes collapsible barracks and stockyards to house the subcontractors' workers, and construction supplies and materials while on the project site.

The Company uses steel panel forms for its major housing construction needs. These wall forms/molds are used instead of plywood for the construction of row houses. It is estimated that these forms may be used for about 100 times. A portable tower light is being used by the Company to provide lighting in areas where electricity is not available.

The Company leases other major construction and land development equipment such as cement mixers, and the like, on a project-to-project basis.

With the plan to re-focus into real estate business, the Company had sold majority of its construction equipments and tools in the year 2008.

Item 3. Legal Proceedings

The Company is not a party to nor is it involved in any litigation that materially affects or will materially affect its interests.

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

Not applicable

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's common equity is traded in the Philippine Stock Exchange (PSE). The shares of stock of the Company were initially traded on December 19, 2003. Following are the high and low sales prices for each quarter since December 31, 2008:

Quarter	High	Low
Jan – March 2009	0.80	0.80
Apr – June 2009	0.80	0.80
July – Sept 2009	0.80	0.80
Oct – Dec 2009	0.80	0.80
Jan – March 2010	0.80	0.80
Apr – June 2010	0.80	0.80
July – Sept 2010	0.80	0.80
Oct – Dec 2010	0.80	0.80
Jan – March 2011	0.80	0.80
Apr – June 2011	0.80	0.80
July – Sept 2011	0.80	0.80
Oct – Dec 2011	0.80	0.80
Jan - March 2012	0.80	0.80
Apr – June 2012	0.80	0.80
July – Sept 2012	0.80	0.80
Oct – Dec 2012	0.80	0.80
Jan – March 2013	0.80	0.80
Last practicable trading date		
April 19, 2013	0.80	0.80

Holders

There are three hundred sixty four (364) total stockholders and the top twenty (20) stockholders of the Company's issued and outstanding shares as of April 19, 2013 are as follows:

Name	Shares	%
1. Wilfredo Uy	18,000,000	16.36
2. Mylene Lim	10,850,000	9.86
3. Nimfa Leonco	10,850,000	9.86
4. Arthur Lim	7,150,000	6.50
5. Ferdinand Soliman	7,150,000	6.50
6. Robert Yulo	5,000,000	4.55
7. Anneli Ting	5,000,000	4.55
8. Mario Vicente Sy	5,000,000	4.55
9. Misael Adelaida Soliman	5,000,000	4.55
10. Mariano Mison	5,000,000	4.55
11. Victor Manarang	5,000,000	4.55
12. Marie Tes Lee	5,000,000	4.55
13. Abraham Go	5,000,000	4.55
14. Arnold Acero	5,000,000	4.55
15. Noric Ng	3,000,000	2.73

16. Neskie Ng	2,999,999	2.73
17. PCD Nominee Corporation	1,510,000	1.37
18. Aileen Gabrentina	20,000	0.02
19. Divinagracia Ayento	20,000	0.02
20. Dexter Aviles	20,000	0.02

Dividends

For the last two most recent fiscal years, the Company has not declared any cash dividends on its common equity. Future dividends will depend on the income, cashflow and financial condition of the Company particularly on the unrestricted retained earnings.

Recent Sales of Unregistered Securities

Within the past three (3) years, the Company has not sold any unregistered or exempt securities, nor did it issue securities constituting an exempt transaction.

Item 6. Management's Discussion and Analysis

The following management's discussion and analysis of past performance should be read in conjunction with the financial statements included in Item 7 of this report.

Financial Highlights

Amounts are in thousand pesos except per share figures		
Key Operating and Financial Indicators	**Audited Figures**	
	2012	**2011**
Income Statement Data		
Revenues	36,508	23,050
Cost and Expenses	43,577	35,371
Income/(loss) From Operations	(7,069)	(12,321)
Net/(loss) Income	(7,150)	(12,349)
Balance Sheet Data		
Current Assets	68,187	82,708
Property and Equipment	2	2
Held-to-maturity Investment	-	-
Total Assets	68,240	82,738
Total Liabilities	22,828	30,175
Stockholders' Equity	45,412	52,562
Per Share Data		
Earnings (Loss) per Share*	(0.064)	(0.112)
Book Value per Share**	0.41	0.48

* Based on Weighted Ave. No. of Outstanding Common Shares
** Based on Outstanding Common Shares as of Year-end

In compliance with the pronouncements of the Accounting Standards Council (AS) and the regulations of the Securities and Exchange Commission (SEC), the Company has adopted all the relevant Philippine Financial Reporting Standards (PFRS) for the first time in its financial statements for the year ended December 31, 2005, with January 1, 2004 as its transition date. The transition from the previous generally accepted accounting principles (GAAP) in the Philippines to PFRSs has been made in accordance with PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*.

The Company, also under PFRS, recognized its obligation under post-employment defined benefit plan computed by an actuary determined using the projected unit credit method. The adoption of the related new standard resulted in the recognition of transitional liability amounting to P 965,022 as of January 1, 2004. This transitional liability was fully recognized retrospectively in the Company's opening PFRS balance sheet. This also resulted in the recognition of additional defined benefit expense in 2004 amounting to P 394,908. Correspondingly, the deferred tax expense recognized by the Company due to the temporary differences arising from full recognition of defined benefit obligation amounted to P 435,178 in December 2004 and P 308,807 in January 2004. As of December 31, 2011, the defined benefit obligation recognized in the books amounted to P486,138 as compared to the P452,899 balance as of December 31, 2010. The increase is due to the accrual of obligation pertaining to the year 2011. As of December 31, 2012 this account amounted to P545,070 reported under non-current liability.

For the year 2012, the following projects were accomplished by the Company:

PROJECT NAME	LOCATION	AMOUNT
Eastwood Residences	Montalban, Rizal	96,038
Eastwood Phase 7 Land Development	Montalban, Rizal	36,411,830
Total		36,507,868

2012 Performance

Revenues

In 2012, the Company generated P36.51M contract revenues, 58.39% higherr than previous year revenue of P23.05M. Ninety six percent (99%) of the total revenues came from land development projects and only one percent (1%) came from housing projects. A large portion of the revenues came from the Eastwood Residences in Rodriguez, Rizal and Green Breeze project also in Rodriguez, Rizal. Total revenues generated from these projects amounted to P 36.51M.

Gross Profit

Gross profit from construction contracts amounted to P7.07M, 65.70% higher than the previous year's P4.27M. The gross profit ratio increased from 18.51% to 19.36%. This is due to the increase in revenue generated in 2012.

Cost and Expenses

Costs and expenses increased by 23.20% from P 36.37M in 2011 to P 43.58M in 2012. The increase in cost, particularly for the cost of services that are variable in nature, was brought about by the increase in the revenue in 2012. Administrative expenses decreased from P 14.40M in 2011 to P 12.06M in 2012 due to the lower recognition of impairment loss on Company's financial assets.

Financing costs decreased from P12.62M in 2011 to P 10.37M in 2012. These costs were caused by the recognition of impairment loss on Company's financial assets particularly on trade and other receivables accounts.

Income (Loss) from Operations

Income (Loss) from operations amounted to (P12.32M) and (P7.15M) in 2011 and 2012, respectively. Operating margin (loss) likewise decreased to (19.59%) in 2011 from (53.46%) in 2011. The losses in 2012 and 2011 can be attributed to the impairment loss recognized by the Company.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of (P 7.15M) and (P 12.35M) in 2012 and 2011, respectively. Correspondingly, net income (loss) ratio is (19.59%) and (53.57%) in 2012 and 2011, respectively. Earnings (Losses) per share likewise decreased from (P 0.112) in 2011 to (P0.065) in 2012.

Total Assets

Total assets decreased by 17.25% from P 82.74M in 2011 to P 68.24M in 2012. The decrease was due to the impairment of some financial assets, collections of receivables and retirement of other assets. The total of other current assets also decreased particularly the advances to sub-contractors and suppliers due to recoupment thereof. However, the item Creditable Withholding Taxes account classified under other current assets increased as the Company was not able to apply thereof against income tax liability due net loss.

Liquidity

Current ratio decreased from 2.79:1 in 2011 to 3.06:1 in 2012. This can be attributed to the decrease in the current assets accounts such as trade receivables and advances to contractors and suppliers. Moreover, trade and other payable accounts increased.

Leverage

The Company posted a debt-to-equity ratio of 0.50:1 in 2012 and 0.57:1 leverage ratio in 2011. The decrease can be attributed to the decrease in financial assets of the company due to recognition of impairment loss.

2011 Performance

Revenues

In 2011, the Company generated P23.05M contract revenues, 41.44% lower than previous year revenue of P39.36M. Ninety six percent (96%) of the total revenues came from housing projects and four percent (4%) came from land development projects. A large portion of the revenues came from the Eastwood Residences in Rodriguez, Rizal and Green Breeze project also in Rodriguez, Rizal. Total revenues generated from these projects amounted to P 23.05.

Gross Profit

Gross profit from construction contracts amounted to P4.27M, 2.73% lower than the previous year's P4.39M. The gross profit ratio increased from 11.14% to 18.51%. This is due to the decrease of cost of outside services. However, due to stiff competition, the company generated lower revenue compared from previous year.

Cost and Expenses

Costs and expenses decreased by 23.44% from P 46.20M in 2010 to P 35.37M in 2011. The decrease in cost, particularly for the cost of services that are variable in nature, was brought about by the decrease in the revenue in 2011. Administrative expenses increased from P 10.21M in 2010 to P 14.40M in 2011 due to the recognition of impairment loss on Company's financial assets.

Financing costs increased from P7.76M in 2010 to P 12.62M in 2011. These costs were caused by the recognition of impairment loss on Company's financial assets particularly on trade and other receivables accounts.

Income (Loss) from Operations

Income (Loss) from operations amounted to (P6.84M) and (P12.32M) in 2010 and 2011, respectively. Operating margin (loss) likewise increased to (53.46%) in 2011 from (17.38%) in 2010. The losses in 2011 and 2010 can be attributed to the impairment loss recognized by the Company.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of (P 12.35M) and (P 6.50M) in 2011 and 2010, respectively. Correspondingly, net income (loss) ratio is (53.57%) and (16.52%) in 2011 and 2010, respectively. Earnings (Losses) per share likewise increased from (P 0.059) in 2010 to (P0.112) in 2011.

Total Assets

Total assets decreased by 0.65% from P 85.18M in 2010 to P 82.74M in 2011. The decrease was due to the impairment of some financial assets, collections of receivables and retirement of other assets. The total of other current assets also decreased particularly the advances to sub-contractors and suppliers due to recoupment thereof. However, the item Creditable Withholding Taxes account classified under other current assets increased as the Company was not able to apply thereof against income tax liability due net loss.

Liquidity

Current ratio decreased from 4.29:1 in 2010 to 2.79:1 in 2011. This can be attributed to the decrease in the current assets accounts such as trade receivables and advances to contractors and suppliers. Moreover, trade and other payable accounts increased.

Leverage

The Company posted a debt-to-equity ratio of 0.574:1 in 2011 and 0.312:1 leverage ratio in 2010. The slight increase can be attributed to the decrease in trade and other payables particularly on the advances to contractors account.

2010 Performance

Revenues

In 2010, the Company generated P39.36M contract revenues, 52.06% lower than previous year revenue of P82.11M. Eighty seven and 88/100 percent (87.88%) of the total revenues came from land development projects and 12.12% from housing projects. A large portion of the revenues came from the Eastwood Greenview project in Rodriguez, Rizal and Green Breeze project also in Rodriguez, Rizal. Total revenues generated from these projects amounted to P 35.12M or 89.23% of the total revenues, a combination of housing and land development projects. The Company generated additional revenue amounting to P4.24M (10.77) from Eastwood Residences housing projects.

Gross Profit

Gross profit from construction contracts amounted to P4.39M, 45.89% lower than the previous year's P8.10M. The gross profit ratio increased from 9.87 to 11.14%. This is due to the decrease of cost of outside services. However, due to stiff competition, the company also generated lower revenue compared from previous year.

Cost and Expenses

Costs and expenses decreased by 53.40% from P 83.19M in 2009 to P 38.77M in 2010. The decrease in cost, particularly for the materials, labor and overhead costs that are variable in nature, was brought about by only the decrease in the revenue in 2010. Administrative expenses decreased from P 5.39M in 2009 to P 2.45M in 2010 due to the decrease in manpower, decrease in repairs and maintenance, and in other accounts as a result of the decrease in revenue for the year 2010.

Financing costs decreased from P12.01M in 2009 to P 7.76M in 2010. These costs were caused by the recognition of impairment loss on Company's financial assets particularly on trade and other receivables accounts.

Income (Loss) from Operations

Income (Loss) from operations amounted to (P0.63M) and (P0.46M) in 2010 and 2009, respectively. Operating margin (loss) likewise increased to 1.60% in 2010 from (0.56%) in 2009. The losses in 2009 can be attributed to the payment of retirement benefits and separation pay given to employees as a result of trimming down the company's manpower. In 2010, The Company's administrative costs decreased due to decrease in manpower.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of (P 6.510M) and (P 25.36M) in 2010 and 2009, respectively. Correspondingly, net income (loss) ratio is (16.52%) and (30.88%) in 2010 and 2009, respectively. Earnings (Losses) per share likewise decreased from (P 0.231) in 2009 to (P0.059) in 2010.

Total Assets

Total assets decreased by 9.98% from P 94.62M in 2009 to P 88.18M in 2010. The decrease was due to the impairment of some financial assets, collections of receivables and retirement of other assets. The total of other current assets also decreased particularly the advances to sub-contractors and suppliers due to recoupment thereof. However, the item Creditable Withholding Taxes account classified under other current assets increased as the Company was not able to apply thereof against income tax liability due net loss.

Liquidity

Current ratio decreased from 4.20:1 in 2009 to 4.29:1 in 2010. This can be attributed to the decrease in the current assets accounts such as trade receivables and advances to contractors and suppliers.

Leverage

The Company posted a debt-to-equity ratio of 0.312:1 in 2010 and 0.325:1 leverage ratio in 2009. The slight increase can be attributed to the decrease in trade and other payables particularly on the advances to contractors account.

Key Performance Indicators

Return on Investment (ROI)

The Company computes return on investment (ROI) by dividing net income for the period by the weighted average capital stock, wherein capital stock equals capital stock subscribed plus net additional paid-in capital. This is to determine how much stockholders have earned on their investment in the Company.

The Company set the hurdle rate for its ROI at 8%. The Board of Directors as well as the Management believe that an 8% hurdle rate for its ROI is reasonable given that the Company is still relatively young, it is barely eight (8) years in operation. The Company posted a 4.40% ROI in 2001, the Company's first full year in operations. In 2002, the Company has somehow made its mark in the industry as translated by a 289% increase in revenues and 240% increase in net income. With the marked increase in both revenue and net income, the Company posted a 10.59% ROI in 2002, a 141% increase from 2001. In 2003, the Company's operations has normalized and posted an 8.64% ROI, a slight decrease of 18% from the 2002 level. In 2004, revenue was maintained at the P 242M level, with a zero percent (0%) growth from 2003. However, as an effect of the decline in costs and expenses, as well as financing costs, of 2% and 56%, respectively, ROI increased by 5.32% resulting to a 9.1% ROI. However, due to the decrease in net income, the ROI decreased by 72.53% resulting to 2.53% ROI only in the year 2005. With the lower revenue and income for the year 2006, ROI decreased by 87.3% resulting to .32% ROI in the year 2006. In the year 2007, 2008 and 2009, due to net losses, negative ROI of 20.90%, 16.00% and 23.10% were incurred, respectively. Likewise in 2010 and 2011, negative ROI of 5.9% and 11.2%, respectively, were incurred. In 2012, an ROI of -6.5%.

Fixed Assets Turnover

Fixed assets turnover is computed as sales for the period divided by the average fixed assets. A significant portion of the fixed assets (property and equipment, net of accumulated depreciation) is composed of construction and other site-based equipment. Since these equipments are major components in generating revenues, the fixed assets turnover is therefore deemed important. The higher the fixed assets turnover, the better it is for the Company. A high fixed assets turnover ratio would mean that the Company was able to make full use of its assets in generating revenues.

In determining the fixed assets turnover ratio and the succeeding performance indicators, the Board of Directors and the Management have decided to drop the 2001 figures in computing for the historical averages. Since the year 2001 is the Company's first full year in operations, it is not yet reflective of the normal business operations.

The fixed assets turnover rate for 2001 was 14.63 times. As mentioned earlier, this figure would be dropped in determining the historical average. The Company has decided to use the historical average of the fixed assets turnover rate for 2003 and 2002, which is, 33.56 times, as its benchmark. The fixed assets turnover rate of 32.51 times and 34.61 times, for 2003 and 2002, respectively, are at par with the set hurdle rate. This can be attributed to the high level of revenues generated during the said period. In addition, the Company has not acquired its construction equipments yet. From the start of operations up to 2003, the Company leased a majority of its construction equipments under an operating lease thereby resulting to a small asset base. In 2004, however, the Company's fixed assets turnover rate dropped to 12.30 times, 62% lower than the previous year rate. In 2005, the fixed assets turnover rate further dropped to 10.15 times, 17% lower than that of 2004. The decline was caused by the marked increase in fixed assets brought about by the acquisition of construction facilities, land development equipment, collapsible barracks, stockyards and container vans, and by the establishment of a batching plant. These were acquired in the first quarter of 2004 and the Company is still in its initial stages of recovering the cost of acquiring the said assets. The assets turnover rate improved from 10.15 times in 2005 to 11.07 times in 2006 to 14.15 times in 2007 despite of diminishing sales revenue generated merely because of the decrease of the net carrying value of the company's fixed asset. Likewise in 2008, 2009, 2010, and 2011 it improved to 22.88, 220.6, 7,582, and 6,309 times, respectively, merely due to the decrease in the ending balance of the fixed asset account despite of the decrease in revenue. In 2012, the fixed assets turnover rate was posted at 3,276 times.

Inventory Turnover/Days in Inventory

Inventory turnover is computed by dividing the cost of goods sold for the period by the average inventory while days in inventory is computed as 360 days divided by inventory turnover. The Board of Directors and the Management find these performance indicators relevant as they indicate how long the

Company utilizes its inventory, composed of construction materials and other supplies, in land development, house construction and specialty/miscellaneous works. The higher the inventory turnover and the lower the days in inventory, the better it is for the Company. Fast turnover and short days in inventory would translate into faster conversion of investment in inventories into revenues and eventually cash inflow.

The Company established the benchmark at 41.97 inventory turnover rate and 10.65 days in inventory. The figures were based on the historical average for the years 2003 and 2002. As previously mentioned, the figures for 2001 was dropped in determining the hurdle rate as it is not reflective of normal operations. In fact, inventory turnover rate for 2001 was 332.61 times while days in inventory is 1.08 days. Since 2001 is the Company's first full year in operations, it was just starting to build up its inventory. This resulted to an extremely high inventory turnover rate and an improbable 1.08 days in inventory. In 2002, the Company has started building up its inventory and has likewise increased its cost of service. Inventory level went up from P 0.3M in the beginning of the year up to P 8.0M at the end of the year or an average of P 4.1M. Cost of service, on the other hand, increased from P 60.1M in 2001 to P 249.9M in 2002, a 316% increase. This resulted to a 60.49 times inventory turnover rate, an 82% decrease from 2001 figure, and 5.95 days in inventory, a 450% increase from 2001. Since the Company has experienced abrupt increases in the cost of materials, it started its practice of stocking up materials and supplies to counter the effect of these price increases and in anticipation of large volumes of construction contracts. This hedging technique resulted to a 23.45 inventory turnover rate in 2003, a 61% decline from 2002, and 15.35 days in inventory, a 158% increase from 2002. Still, in 2004, the Company continued stocking up its materials and supplies as it anticipated increases both in the price of materials and in the number of contracts. Unfortunately, however, the expected increase in projects did not materialize while its average inventory level doubled from the previous year. This resulted to an inventory turnover rate of 11.75 times, 50% lower than the 2003 rate, and 30.64 days in inventory, quite long when compared with the hurdle rate of 10.65 days. In 2005, the inventory turnover rate posted to 10.76 times, 8.4% lower that the previous year's and 33.46 days in inventory, still quite long compared with the hurdle rate of 10.65days. In 2006, the inventory turnover rate posted to only 7.83 times, 27.26% lower that the previous year's and 45.98 days in inventory,. In 2007, the inventory turnover rate further decreased to 5.89 times or 61.07 days in inventory due to lower sale revenue. However in 2008 and 2009, the company generated an inventory turnover rate of 8.25 and 9.59 times or 43.64 and 37.54 days in inventory, respectively, merely due to the decrease in the ending balance of inventory. In 2010, 2011, and 2012 the Company did not maintain inventory due to the awarding of contracts to its sub-contractors on a straight basis where the latter provides also the materials.

Current Ratio

Current ratio is computed as current assets divided by current liabilities. The Board of Directors and the Management believe that this is an important measure of the liquidity of the Company as it reflects the capacity of the Company to pay for its short-term maturing obligations particularly trade payables, bank loan and advances from customers. The higher the current ratio, the better it is for the Company.

In 2001, the Company's operations resulted to a 0.72:1 current ratio. The Company was just on its first full year of operations in 2001 and was still building up its asset base. Thus, similar to the above performance indicators, the 2001 figure was not included in determining the historical average. The historical average for 2003 and 2002 of 1.54:1 will be set as the hurdle rate. It was only in 2002 that the Company's current ratio of 1.29:1 fell below the benchmark. Although already 79% higher than the 2001 figure, it is still 16% short of the hurdle rate. In 2003, current ratio started to improve as a result of the initial public offering (IPO) in December. With the P 55M proceeds from the IPO, cash balance as of year-end 2003 totaled P 62.3M, a 651% increase from the 2002 figure. This resulted to a current ratio of 1.78:1, 38% higher than the previous year ratio. In 2004, however, current ratio slid by 3% from the previous year resulting to a current ratio of 1.74:1. This was the result of the acquisition of construction equipments and the settlement of P 15M bank loan in the early part of the year. In 2005, the current ratio further improved to 1.90:1, 9.2% higher than the previous year. In 2006, the current ratio has improved further by 12.84% from 1.90:1 in 2005 to 2.14:1 in 2006. However, in 2007 the current ratio posted at 1.91:1, the decrease can be attributed to the decrease in the current asset account particularly the trade receivables due to recognition of impairment thereof. In 2008, it posted at 2.10:1. The increase can be attributed to the payment of company's interest-bearing loan and in the increase of the ending balance of cash and cash equivalents. In 2009 and 2010, it posted at 4.20:1 and 4.29:1, respectively. This can be attributed to the decrease in the current assets accounts such as trade receivables and advances to contractors and suppliers. While in 2011, it posted at 2.79:1 due to the increase in trade and other payables accounts particularly for the advances from clients. In 2012, current ratio was posted at 3.06:1.

Debt to Equity Ratio

Debt-to-equity ratio is computed by dividing the Company's liabilities by the total stockholders' equity as of the end of the year. The leverage ratio indicates how the Company's operations are financed, that is, either by debt or equity. A 1:1 debt equity ratio is the preferred ratio as it favors both the creditors and the stockholders.

The historical average debt-to-equity ratio for the years 2003 and 2002 was 0.96:1, very close to the ideal 1:1 ratio. The 2001 leverage ratio was dropped to be consistent with the other performance indicators which considered only the years 2003 and 2002 in computing the average. In 2001, debt-to-equity ratio reached a high of 3.02:1 because the Company had to borrow from the banks to support its operations. Capital stock was not yet fully paid as of that time. The following year, 2002, debt-to-equity ratio dropped by 62% and resulted to a leverage ratio of 1.14:1. The marked improvement in the debt-to-equity ratio was brought about by the settlement of P 21.5M bank loan. In addition, the unpaid subscriptions were paid by the stockholders in April 2002 and retained earnings increased by 293% from P 2.0M in 2001 to P 7.8M in 2002. The debt-to-equity ratio was further reduced by 31% to 0.79:1 in 2003. The reduction was due to the additional subscription and full payment through the IPO of P 50M capital stock. Also, the level of retained earnings almost doubled from P 7.8M in 2002 to P 13.3M in 2003. In 2004, P 15M bank loan was settled in the early part of the year while retained earnings increased by 70% from P 13.3M in 2003 to P 22.7M in 2004. This resulted to a debt-to-equity ratio of 0.68:1, a 14% drop from the previous year ratio. In 2005, the debt-to-equity ratio posted at 0.61:1, 10% drop from the previous year's due to lower liability particularly the trade payable account where the liquidation of advances to suppliers were made. In 2006, the debt-to-equity ratio posted at 0.55:1, a 12% drop from the previous year's due to lower liability account particularly the trade payables account. In 2007, 0.62:1 debt-to-equity ratio was posted. In 2008, 2009 and 2010, a 0:59:1, 0.325:1 and 0.312:1 deft-to-equity ratios were posted, respectively. In 2011 and 2012, it posted at 0.57:1 and 0.50:1, respectively. With the most recent debt-to-equity ratio, creditors are still fully covered.

Item 6.1. Discussion and analysis of material event/s and uncertainties known to Management that would address the past and would have an impact on future operations of the following:

6.1.a. Any known trends, demands, commitments, events, uncertainties that will have a material impact on the issuer's liquidity

There are no material commitments that may affect the company's liquidity.

6.1.b. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures

There are no material commitments for capital expenditures.

6.1.c. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations

For the year 2012, the Company generated small revenue from construction activities due to completion of old project. The Management expects that Company will still continue to engage in construction until such time that its plan to engage into real estate business is pursued.

6.1.d. Any significant elements of income or loss that did not arise from the issuer's continuing operations

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

6.1.e. The causes of any material change/s (5% or more) from period to period in one or more line items of the issuer's financial statements (present in tabular form)

The causes of any material change/s (5% or more) from period to period in one or more line items of the issuer's financial statements (present in tabular form)

Balance Sheets Items:

	As Of		Inc/(Dec)		
Account Title	**12/31/12**	**12/31/2011**	**Amount**	**%**	**Remarks**
Cash and cash equivalents	3,003,970	3,744,240	(740,270)	-20%	Decrease pertains to the payment for trade and other payable accounts
Receivable - net	46,235,068	57,366,382	(11,131,314)	-19%	Decrease due to the additional impairment loss sustained in 2012.
Other current assets	18,947,729	21,597,251	(2,649,522)	-12%	Decrease was due to the recoupment of advances to contractors
Receivables-non-current	33,000	28,000	5,000	18%	Increase pertains the refundable deposit account
Furniture and fixtures - net	20,462	1,825	18,637	1021%	Increase pertains to the purchase of additional computer in 2012.
Trade and other payables	17,539,978	24,104,332	(6,564,354)	-27%	The decrease pertains to reduction of advances from customers due to recoupment of downpayment and for the deferred output VAT
Advances from related parties	4,378,128	5,111,246	(733,118)	-14%	Decrease due to the payment of past due advances.
Provision for rework	365,078	473,678	(108,600)	-23%	Decrease due to the lower repair works incurred in 2012.
Retirement benefit obligation	545,070	486,138	58,932	12%	Increase pertains to the accrual of additional retirement obligation
Deficit	(66,097,667)	(58,947,337)	(7,150,330)	12%	Increase pertains to the losses incurred by the company in 2012 as more fully described in the Income Statement items below.

Income Statement Items:

	For the Year Ending		**Inc/(Dec)**		
Account Title	**12.31.12**	**12.31.11**	**Amount**	**%**	**Remarks**
Revenues	36,507,868	23,049,541	13,458,327	58%	Increase due to the land development projects done in Montalban, Rizal.
Contract Cost	29,440,162	18,784,100	10,656,062	57%	The increase is caused by higher construction activities as reflected in the above revenue item since this is variable in nature
Gross profit	7,067,706	4,265,441	2,802,265	66%	Increase due to the higher revenue generated as described above
Administrative Expenses	12,056,624	14,400,962	(2,344,338)	-16%	The decrease due to the lower impairment loss recognized in 2012
Operating Loss	(7,069,118)	(12,321,616)	(5,252,498)	43%	Decrease due to higher revenue generated as described above

Loss Before Tax	(6,993,940)	(12,247,974)	5,254,034	-43%	Incurred net loss in 2012 due to the recognition of impairment losses on financial assets.
Tax Expense	156,390	100,767	(55,623)	-55%	Incurred negative tax expense due to losses incurred in 2012
Net Loss	(7,150,330)	(12,348,741)	5,198,411	-42%	Incurred net loss in 2012 was lower than in 2011 due higher revenue generated in 2012 and also for the lower impairment losses as compared in 2011 sustained by the company.

Item 7. Financial Statements

Included in this report are the audited Comparative Financial Statements of the Company for the years ended December 31, 2010, 2011 and 2012.

Item 8. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

	2012	2011
Audit and Audit-Related Fees	350,000	350,000
Tax Fees	- nil -	- nil -
All Other Fees	- nil -	- nil -

Audit and Audit-Related Fees
The services rendered by the External Auditor for which the foregoing fees were paid include the audit of the Company's annual Financial Statements and such other services that are normally provided by the external auditor in connection with statutory and regulatory filing or engagements for those engagement years

Tax Fees
Tax accounting, compliance, advice, planning and other form of tax services are not rendered by the appointed external auditor of the Company, but are secured from other entities when needed

All Other Fees
The appointed External Auditor of the Company does not render and/or provide product or service to the Company other than those provided under the caption "Audit and Audit-Related Fees"
Following are the criteria used in the selection of an external auditor:

1. The auditor must be among the list of accredited external auditors by the SEC.
2. No partner of the auditing firm must be related by consanguinity or affinity to the president, manager or principal stockholders of the Company.
3. The auditor must not have engaged in any irregularities with respect to any audit engagement.

Following are the criteria for the approval of audit fees:

1. The fee must not be based on any tax savings nor should it be based on revenues or net income.
2. The fee must be of a reasonable amount.
3. Discussion with the auditor must be made before the fee is finalized.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
The financial statements of the Company for the years ended December 31, 2012, 2011 and 2010, including the notes thereto, were audited by Punongbayan & Araullo. There were no disagreements with the auditing firm on accounting and financial disclosures.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors
Following are the incumbent members of the Board of Directors of the Company:

Ferdinand Z. Soliman, 49, *Chairman and President*. Mr. Soliman is a Filipino citizen, and is a member of the board and has been its Corporate Secretary since the Company's incorporation. He became Managing Director in January 2002. In addition, he became a member of the Nomination Committee and of the Compensation and Remuneration Committee on May 12, 2004 and June 30, 2004, respectively. Mr. Soliman graduated from the Holy Angel University in 1985 with a Bachelor of Science degree in Civil Engineering. He also completed the Applied Business Economics Program from the University of Asia and the Pacific in 2002. He is a director of GPS Measurement. He was formerly affiliated with GP Construction & Development Corporation as CE Aide (1983 to 1984); Torre Planning & Design as Surveyor (1984 to 1985); Nico Construction as Project Engineer (1986 to 1988); White House Development Corporation as Section Head (1988 to 1993); Extraordinary Development Corporation as Project Manager (1994 to 1997); and Earth + Style Corporation as Department Head (1998 to 2001). He handles the Operations group of the Company.

Emelita M. Mangosing, 49, Corporate Secretary. Ms. Mangosing is a Filipino citizen, and is a member of the board since 2011 and became Corporate Secretary in June 2011. She graduated in 1985 from Central Polytechnic College presently known as Nueva Ecija University of Science and Technology with a Bachelor of Science degree in Civil Engineering. She is a licensed Civil Engineer with solid years of experience in construction industry. She served the Company for several years as Project Manager bringing with her more than 20 years of experience in construction and real estate project management. She is affiliated with Extraordinary Development Corporation as Head of the Procurement Management Unit. Moreover, she gained years of experience in construction with Golden Bay Realty Development Corporation as Head of the Quality Control Department and at Supreme Housing Builders as Project Manager.

Mylene T. Lim, 48, *Treasurer*. Ms. Lim is a Filipino citizen, and is a member of the board since the Company's incorporation and became Managing Director in January 2002 and Assistant Corporate Secretary during the June 30, 2004 Organizational Meeting of the Board of Directors. She graduated from the University of Mindanao in 1985 with a Bachelor of Science degree in Architecture. She completed her Masters in Business Administration at the Ateneo Graduate School in 2001. She was formerly affiliated with Extraordinary Development Corporation as Section Head – Purchasing Dept. (1987 to 1990), Department Head – Purchasing Dept. (1990 to 1998), Administrative and R&D Head – Construction Group (1998 to 2000), and AVP – Central Purchasing (2000 to 2001). She is in charge of the Finance and Administration group of the Company.

Noric Terence T. Ng, 38, *Independent Director*. Mr. Ng is a Filipino citizen, and is a director since January 23, 2002. He graduated from the Chiang Kai Shek College in 1997 with a Bachelor of Science degree in Computer Studies. He is currently an Assistant Plant Manager at Republic Biscuit Corporation.

Fernando Mamuyac, 47, Acting Deputy General Manager-Operation, Filipino, He was elected as a member of the Board during the June 2010 annual Stockholders' Meeting. Engr. Mamuyac served the Company since May 2001, bringing with him more than 20 years of experience in project management gained from the private construction and real estate companies. He graduated from the Technological Institute of the Philippines in 1989 with a Bachelor of Science degree in Civil Engineering. He had attended Executive Training Program and various seminars on leadership, accounting, computer, and other technical seminars from various institutions

The members of the board shall hold office until their successors are elected and qualified in their stead, or until they shall have resigned or shall have been removed. The annual stockholder's meeting shall be held on June 27, 2012.

Independent Directors

Ms. Liza S. Niedo, 42, Independent Director. Ms. Niedo is a Filipino citizen. She graduated from Polytechnic University of the Philippines in April 1990 with a Degree of Bachelor in Accountancy. She took up post graduate studies and completed her Masters in Business Administration at Jose Rizal University in April 2010. She gained her 20 years of experience in the accounting profession through her work in various companies such as Prosperity Builders Resources Inc. as Finance Head, First Advance Development Corporation as IT-Consultant, and Extraordinary Development Corporation. She currently works as Treasury Head in Extraordinary Development Corporation, a real estate company.

Ms. Ma. Ana Tensuan, 43, Independent Director. Ms. Ana is a Filipino citizen. She graduated from Technological Institute of the Philippines in October 1990. She took up MBA Standard Program at Ateneo Graduate School of Business in 2003-2005. She gained her 20 years of experience in project management from the private construction, real estate and banking companies such as Prosperity Builders Resources Inc. as Technical Services Department Head and Asia United Bank as Premises Manager. She is currently working as Bidding and Contract Manager in Propersity Builders Resources Incorporated, a real estate company.

Principal Officers

The following are the principal officers of the Company and their respective areas of responsibility.

Ferdinand Z. Soliman, 49, *Chief Executive Officer,* heads the Operations unit. Mr. Soliman is a member of the board. He became Managing Director in January 2002. In addition, he became a member of the Nomination Committee and of the Compensation and Remuneration Committee on May 12, 2004 and June 30, 2004, respectively. Mr. Soliman graduated from the Holy Angel University in 1985 with a Bachelor of Science degree in Civil Engineering. He also completed the Applied Business Economics Program from the University of Asia and the Pacific in 2002. He is a director of GPS Measurement. He was formerly affiliated with GP Construction & Development Corporation as CE Aide (1983 to 1984); Torre Planning & Design as Surveyor (1984 to 1985); Nico Construction as Project Engineer (1986 to 1988); White House Development Corporation as Section Head (1988 to 1993); Extraordinary Development Corporation as Project Manager (1994 to 1997); and Earth + Style Corporation as Department Head (1998 to 2001). He handles the Operations group of the Company.

Mylene T. Lim, 48, *Managing Director and Principal Financial Officer*. Ms. Lim is a Filipino citizen, and is a member of the board since the Company's incorporation and became Managing Director in January 2002 and Assistant Corporate Secretary during the June 30, 2004 Organizational Meeting of the Board of Directors. Currently, she is also the elected Treasurer of the Company. She graduated from the University of Mindanao in 1985 with a Bachelor of Science degree in Architecture. She completed her Masters in Business Administration at the Ateneo Graduate School in 2001. She was formerly affiliated with Extraordinary Development Corporation as Section Head – Purchasing Dept. (1987 to 1990), Department Head – Purchasing Dept. (1990 to 1998), Administrative and R&D Head – Construction Group (1998 to 2000), and AVP – Central Purchasing (2000 to 2001). She is in charge of the Finance and Administration group of the Company.

Fernando Mamuyac, 47, Acting Deputy General Manager-Operation, Filipino, He was elected as a member of the Board during the June 2010 annual Stockholders' Meeting. Engr. Mamuyac served the Company since May 2001, bringing with him more than 20 years of experience in project management gained from the private construction and real estate companies. He graduated from the Technological Institute of the Philippines in 1989 with a Bachelor of Science degree in Civil Engineering. He had attended Executive Training Program and various seminars on leadership, accounting, computer, and other technical seminars from various institutions

Enrique C. Cunanan, 44, Acting Deputy General Manger-*Finance and Administration*, Filipino, heads the Finance Department. Mr. Cunanan has been with the Company since the start of its operation. He graduated from the Pampanga College in 1989 with a Bachelor of Science degree in Commerce and earned units in Masters of Science in Information Technology at the Ateneo Graduate School. He also had several training conducted by the Philippine Institute of Certified Public Accountants. He has been an Accountant since 1991 in several construction firms. He is the Company's Compliance Officer to the Securities and Exchange Commission (SEC) and Corporate Information Officer (CIO) to the PSE.

<u>Family Relationships</u>

There were no family relationship existed among the current directors and officers of the company

<u>Involvement in Certain Legal Proceedings</u>

At present, the Company is not aware of:

- any bankruptcy petition filed by or against any business of which the incumbent Directors or senior management of the Company was a general partner or executive officer, either at the time of the bankruptcy or within five (5) years prior to that time;

- any conviction by final judgment in a criminal proceeding, domestic or foreign, pending against any of the incumbent Directors or senior management of the Company;

- 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 the involvement of any of the incumbent Directors or senior management of the Company in any type of business, securities, commodities or banking activities; and

- any finding by domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or said regulatory organization, that any of the incumbent Directors or senior management of the Company has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

The following table shows the aggregate compensation received by the President, Chief Operating Officer, Acting Deputy General Manager-Finance/Admin, Acting Deputy General Manager-Operations, and the most highly compensated officer of the Company for the years 2011, 2012 and 2013 (estimate only).

<u>Summary Compensation Table:</u>

Name and Principal Position	Year	Salary (₱)	Bonus (₱)
Enrique Cunanan, ADGM-Finance/Admin Engr. Fernando Mamuyac, ADGM-Operations Engr. Emelita Mangosing, PMU-Head Arch. Mylene Lim, Controller Engr. Ferdinand Soliman, CEO	2011 (actual)	804,304	Nil
	2012 (actual)	865,953	Nil
	2012 (estimate)	900,000	Nil
All Directors and Officers as a Group Unnamed	2011 (actual)	804,304	Nil
	2012 (actual)	865,953	Nil
	2012 (estimate)	900,000	Nil

Compensation of Directors

Other than the compensation received by Ms. Mylene Lim and Mr. Ferdinand Soliman as Managing Directors, there are no other standard and other arrangements between the Company and the directors. However, the Company gives per diem to its directors in the amount of Php 2,000.00.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no compensatory plans or arrangements with respect to named executive officers that resulted or will result from the resignation, retirement or termination of such executive officer or from a change in control in the Company.

Warrants and Options Outstanding

There are no outstanding warrants and options held by the Company's directors and officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2012, the following own of record or beneficially, approximately the following number of shares representing more than 5% of the Company's issued and outstanding capital stock:

Title Of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% Held
Common	Wilfredo Uy *(1)* 1634 Pampanga St. Sta. Cruz Manila	Wilfredo Uy	Filipino	18,000,000	16.36
Common	Mylene Lim *(2)* 21 Alvir St. Little Baguio San Juan M.M.	Mylene Lim	Filipino	10,850,000	9.86
Common	Nimfa Leonco *(3)* 54 Gregory St. Saint Charbel Village Mindanao Avenue Q.C.	Nimfa Leonco	Filipino	10,850,000	9.86
Common	Arthur Lim *(4)* 21 Alvir St. Little Baguio San Juan M.M.	Arthur Lim	Filipino	7,150,000	6.50
Common	Ferdinand Soliman *(5)* 14 Mapagbigay St. Diliman Q.C.	Ferdinand Soliman	Filipino	7,150,000	6.50

(1) Wilfredo Uy was once the Chairman and President of the Company.
(2) Mylene Lim is a Managing Director and Treasurer of the Company.
(3) Nimfa Leonco is a mere stockholder of the Company
(4) Arthur Lim was once the Chairman and President of the Company.
(5) Ferdinand Soliman is the current Chairman and President of the Company.

Security Ownership of Management

As of December 31, 2012 the following Directors and key officers owned, of record or beneficially, approximately the following number of shares of the Company's issued and outstanding capital stock:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership		Citizenship	%
Common	Ferdinand Soliman	7,150,000	Direct	Filipino	6.50
Common	Mylene Lim	10,850,000	Direct	Filipino	9.86

Common	Emelita Mangosing	10,000	Direct	Filipino	Nil
Common	Noric Ng	3,000,000	Direct	Filipino	2.73
Common	Enrique Cunanan	10,000	Direct	Filipino	Nil
Common	Luisito Pascual	10,000	Direct	Filipino	Nil
Common	Fernando Mamuyac	10,000	Direct	Filipino	Nil
Common	Maila Paredes	3,000	Direct	Filipino	Nil
Common	Jean Cestina	2,000	Direct	Filipino	Nil
Common	All directors and executive officers as a group	21,045,000			19.09

Voting Trust Holders of 5% or more

There is no party known to the Company as holding any voting trust or any similar arrangement for 5% or more of the Company's voting securities.

Changes in Control

There is no arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company's related parties include entities under common ownership or control, and the Company's key management. The following is a summary of the transactions of the Company with its related parties:

Related Party Category	Amount of Transactions 2012	2011	Outstanding Balance 2012	2011
Related Parties under Common Ownership:				
Construction Services	36,507,868	23,049,541	73,884,439	92,543,683
Advances from Related Parties	(733,118)	5,072,002	4,378,128	5,111,246
Advances to Related Parties	(5,072,002)	-	8,707,556	13,779,558
Key Management Personnel:				
Compensation	865,953	804,304	545,070	486,138

The Company renders construction services to certain related parties under common ownership for certain real estate projects of the latter. Construction services are recognized based on the actual work done which is consistent with the percentage of completion method.

Total advances to related parties are presented as Advances to Related Parties under Receivables in the statement of financial position. The advances are provided with allowance for impairment amounting to P8.7 million as at December 31, 2012 and 2011.

Movements in the Advances to Related Parties account are shown below:

	2012	2011
Balance at beginning of the year	13,779,558	13,779,558
Repayment	(5,072,002)	-
Balance at end of year	8,707,556	13,779,558

PART IV – CORPORATE GOVERNANCE

Compliance with the Manual of Corporate Governance

(A) The Company aims to adopt the systems and practices of good corporate governance to enhance the value of the Company to its shareholders. In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 2 Series of 2002, the Company submitted to the SEC its Manual on Corporate Governance (the "Manual") last December 19, 2003, the listing date of the Company's shares. On May 12, 2004, the Board of Directors appointed a Corporate Governance Compliance Officer whose duties include the monitoring of compliance by the Company, its directors, officers and employees with the Company's Manual on Corporate Governance and adherence to sound corporate governance principles and best practices.

(B) The Compliance Officer, in coordination with other officers of the Company, measures or determines the level of compliance by the Company, its directors, officers and employees with the provisions of the Manual and other laws, rules and regulations regarding corporate governance.

(C) The Company is not aware of any non-compliance with its Manual of Corporate Governance, by any of its officers or employees.

(D) The Company shall continuously update the Manual in the form of Supplements to incorporate additional governance-related provisions required under the implementing rules and regulations that are released, from time to time, by the Security Exchange Commission and the Philippine Stock Exchange. Moreover, the Compliance Officer shall always take note of any improvements that need to be made in its Manual.

PART V - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

Financial Statements

1. Statement of Management's Responsibility for Financial Statements
2. Report of Independent Auditors
3. Statements of Financial Position as of December 31, 2012 and 2011
4. Statements of Comprehensive Income for the Years Ended December 31, 2012, 2011, and 2010
5. Statements of Changes in Equity for the Years Ended December 31, 2012, 2011 and 2010
6. Statements of Cash Flows for the Years Ended December 31, 2012, 2011 and 2010
7. Notes to Financial Statements

Supplementary Schedules

1. Report of Independent Auditors on Supplementary Schedules
2. Supplementary Schedules Table of Contents
3. Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
4. Schedule D. Indebtedness to Unconsolidated Subsidiaries and Related Parties
5. Schedule I. Capital Stock
6. Summary of Financial Soundness Indicators
7. Schedule of PF RS Effective as of December 31, 2012

(b) Reports on SEC Form 17-C

None

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 the City of Pasig on April 22, 2013.

By:

FERDINAND Z. SOLIMAN
Principal Executive Officer

ENRIQUE C. CUNANAN
Principal Accounting Officer

MYLENE T. LIM
Treasurer
Principal Financial
Officer / Controller

EMELITA MANGOSING
Corporate Secretary

FERNANDO B. MAMUYAC
Principal Operating Officer

SUBSCRIBED AND SWORN to before me this APR 30 2013 day of ______ 2013 affiant(s) exhibiting to me his/their Residence Certificates/TIN, as follows:

NAMES	TIN
Ferdinand Soliman	106-835-141
Mylene Lim	106-835-915
Emelita Mangosing	106-962-707
Enrique Cunanan	116-426-195
Fernando Mamuyac	108-785-502

Doc. No. 424;
Page No. 86;
Book No. [illegible];
Series of 2013.

ATTY. JOEL C. CORDOLA
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 066
COMMISSION EXPIRES DEC. 31, 2013
PTR NO. [illegible], 1/02/2013, Q.C.
IBP NO. [illegible], 1/02/2013, Q.C.
ROLL OF ATTORNEY NO. 25103

SuperCity Realty Development Corporation

Service... Reliability... Development... Care...

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Supercity Realty Development Corporation**, is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2012 and 2011, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Schedule of PFRS Effective as of December 31, 2012
c. Schedule of Financial Indicators for December 31, 2012 and 2011

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

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

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

FERDINAND SOLIMAN
Chairman of the Board

FERDINAND SOLIMAN
Chief Executive Officer/President

ENRIQUE CUNANAN
Chief Financial Officer

APR 30 2013

SUBSCRIBED AND SWORN to before me on this ______________, 2013 Affiant(s) exhibiting to me his/their Tax Identification Number as follows:

NAMES	TIN
FERDINAND SOLIMAN	106-835-141
ENRIQUE CUNANAN	116-426-195

ATTY JOEL G. GORDOLA
[illegible] PUBLIC
NOT[illegible]ON NO. 066
CO[illegible] DEC. 31, 2013
P[illegible]/2013, Q.C.
I[illegible]/2013, Q.C.
ROLL [illegible]Y NO. 25103

Doc. No. 447;
Page No. 90;
Book No. 45;
Series of 2013.

Punongbayan & Araullo
An instinct for growth™

Report of Independent Auditors

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The Board of Directors and Stockholders
Supercity Realty Development Corporation
Unit 1223 12/F City & Land Mega Plaza
ADB Avenue corner Garnet Road
Ortigas Center, Pasig City

Report on the Financial Statements

We have audited the accompanying financial statements of Supercity Realty Development Corporation, which comprise the statements of financial position as at December 31, 2012 and 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

BUREAU OF INTERNAL REVENUE
RDO 43A EAST PASIG CITY
APR 2 3 2013
COLLECTION SECTION

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Supercity Realty Development Corporation as at December 31, 2012 and 2011 and its financial performance and its cash flows for each of the three years in the period ended December 31, 2012 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements, which provides relevant information on the status of operations of the Company. As discussed therein, the Company has been incurring significant losses from its operations resulting in a deficit as at December 31, 2012 and 2011. This condition, along with the other matters as set forth in Note 1 indicate the existence of an uncertainty which may cast doubt on the Company's ability to continue as a going concern. In this regard, the Company's management expressed its commitment to ensure profitability and financial stability of the Company through continuation of its construction activities with its related parties while its transition to a real estate development company is underway. In connection with our audit, we performed audit procedures to evaluate management's plans for such future actions as to the likelihood to improve the situation and as to feasibility under the circumstances. The accompanying financial statements were prepared assuming that the Company will continue as a going concern. Also, the accompanying financial statements do not include any adjustments on the recoverability and classification of the assets or the amounts and classification of liabilities arising from this uncertainty.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2012 required by the Bureau of Internal Revenue as disclosed in Note 20 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of 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

BUREAU OF INTERNAL REVENUE
RDO 43A EAST PASIG CITY
RECEIVED
APR 2 3 2013
JUANITO A. MACALALAD
COLLECTION SECTION

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 3671441, January 2, 2013, Makati City
SEC Group A Accreditation
Partner - No. 1185-A (until Jan. 18, 2015)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-34-2011 (until Sept. 21, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 11, 2013

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes		2012		2011
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	4	**P**	**3,003,970**	P	3,744,240
Receivables - net	5		**46,235,068**		57,366,382
Other current assets	6		**18,947,729**		21,597,251
Total Current Assets			**68,186,767**		82,707,873
NON-CURRENT ASSETS					
Receivables	5		**33,000**		28,000
Furniture and fixtures - net	7		**20,462**		1,825
Total Non-current Assets			**53,462**		29,825
TOTAL ASSETS		**P**	**68,240,229**	P	82,737,698
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	8	**P**	**17,539,978**	P	24,104,332
Advances from related parties	13		**4,378,128**		5,111,246
Provisions for rework	3		**365,079**		473,678
Total Current Liabilities			**22,283,185**		29,689,256
NON-CURRENT LIABILITY					
Retirement benefit obligation	11		**545,070**		486,138
Total Liabilities			**22,828,255**		30,175,394
EQUITY					
Capital stock	14		**110,000,000**		110,000,000
Additional paid-in capital			**1,509,641**		1,509,641
Deficit			**(66,097,667)**		(58,947,337)
Total Equity			**45,411,974**		52,562,304
TOTAL LIABILITIES AND EQUITY		**P**	**68,240,229**	P	82,737,698

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011	2010
CONTRACT REVENUES	13	**P 36,507,868**	P 23,049,541	P 39,361,055
CONTRACT COSTS	10	**29,440,162**	18,784,100	34,975,785
GROSS PROFIT		**7,067,706**	4,265,441	4,385,270
OPERATING EXPENSES (INCOME)				
Administrative expenses	10	**12,056,624**	14,400,962	10,214,126
Other operating expenses	10	**2,188,799**	2,222,612	1,340,935
Other operating income	9	**(108,599)**	(36,517)	(327,891)
		14,136,824	16,587,057	11,227,170
OPERATING LOSS		**7,069,118**	12,321,616	6,841,900
FINANCE INCOME	4	**75,178**	73,642	438,455
LOSS BEFORE TAX		**6,993,940**	12,247,974	6,403,445
TAX EXPENSE	12	**156,390**	100,767	99,396
NET LOSS		**7,150,330**	12,348,741	6,502,841
OTHER COMPREHENSIVE INCOME		**-**	-	-
TOTAL COMPREHENSIVE LOSS		**P 7,150,330**	P 12,348,741	P 6,502,841
Basic and Diluted Loss Per Share	15	**P 0.064**	P 0.112	P 0.059

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balance at January 1, 2012	P 110,000,000	P 1,509,641	(P 58,947,337)	P 52,562,304
Net loss for the year	-	-	(7,150,330)	(7,150,330)
Balance at December 31, 2012	**P 110,000,000**	**P 1,509,641**	**(P 66,097,667)**	**P 45,411,974**
Balance at January 1, 2011	P 110,000,000	P 1,509,641	(P 46,598,596)	P 64,911,045
Net loss for the year	-	-	(12,348,741)	(12,348,741)
Balance at December 31, 2011	P 110,000,000	P 1,509,641	(P 58,947,337)	P 52,562,304
Balance at January 1, 2010	P 110,000,000	P 1,509,641	(P 40,095,755)	P 71,413,886
Net loss for the year	-	-	(6,502,841)	(6,502,841)
Balance at December 31, 2010	P 110,000,000	P 1,509,641	(P 46,598,596)	P 64,911,045

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(P 6,993,940)	(P 12,247,974)	(P 6,403,445)
Adjustments for:				
Interest income	4	(75,178)	(73,642)	(89,354)
Depreciation and amortization	7	5,917	3,656	5,224
Operating loss before working capital changes		(7,063,201)	(12,317,960)	(6,836,676)
Decrease in receivables		11,126,314	7,085,882	6,058,289
Decrease (increase) in other current assets		2,508,168	(3,720,616)	2,353,492
Increase (decrease) in trade and other payables		(6,564,354)	4,800,120	(1,327,841)
Increase (decrease) in advances from related parties		(733,118)	5,072,001	-
Decrease in provision for reworks		(108,599)	-	(347,433)
Increase (decrease) in retirement benefit obligation		58,932	33,239	(289,498)
Cash generated from (used in) operations		(775,858)	952,666	(389,667)
Cash paid for income taxes		(15,036)	(100,767)	(99,396)
Net Cash From (Used in) Operating Activities		(790,894)	851,899	(489,063)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4	75,178	73,642	89,354
Acquisitions of furnitures and fixtures	7	(24,554)	-	(5,803)
Proceeds from maturity of held-to-maturity investments		-	2,007,440	-
Net Cash From (Used in) Investing Activities		50,624	2,081,082	(1,574,788)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(740,270)	2,932,981	(2,063,851)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,744,240	811,259	2,875,110
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 3,003,970	P 3,744,240	P 811,259

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

1.1 Corporate Information

Supercity Realty Development Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 9, 2000 to engage in the business of construction and related activities, either as contractor or subcontractor, for the construction of residential units, buildings, roads, bridges and other construction projects. On December 19, 2003, the Company's shares of stock were listed for trading in the Philippine Stock Exchange (PSE).

On February 29, 2008, the Company's Board of Directors (BOD) approved the change in the Company's core business operations from construction to real estate development. Consequently, the Company has retrenched all of its project-based employees effective September 2008 and sold all of its construction equipment. As at December 31, 2012, the Company has not yet started any real estate development projects. Its business activities are presently hinged on the construction projects of its related parties; i.e., it provides the necessary manpower requirement of their projects by engaging the services of third party subcontractors (see Note 13.1). It has no other major activities, hence, no segment information and disclosures are presented in the Company's financial statements.

The Company's registered address, which is also its principal place of business, is located at Unit 1223 12/F City & Land Mega Plaza, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City.

The financial statements of the Company for the year ended December 31, 2012 (including the comparatives for the years ended December 31, 2011 and 2010) were authorized for issue by the Company's Chairman and President on April 11, 2013.

1.2 Status of Operations

The Company incurred net losses from its operations of P7.2 million in 2012, P12.3 million in 2011 and P6.5 million in 2010 and as a result, reported a deficit of P66.1 million, P58.9 million and P46.6 million as at December 31, 2012, 2011 and 2010, respectively. This condition, along with the matters discussed in Note 1.1, indicates the existence of an uncertainty which may cast doubt on the Company's ability to continue as a going concern. In this regard, the Company's management expressed its commitment to ensure profitability and financial stability of the Company through continuation of its construction activities with its related parties while its transition to a real estate development company is underway. The management believes that the Company remains to have a strong financial condition. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments to reflect possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that might result from the outcome of this uncertainty.

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 the 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 (IASB).

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2012 that are Relevant to the Company

In 2012, the Company adopted PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets*, effective for financial statements for the annual period beginning on or after July 1, 2011. The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Company did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Company's disclosures in its financial statements.

(b) *Effective in 2012 that are not Relevant to the Company*

The following amendments and improvement to PFRS are mandatory for accounting periods beginning on or after July 1, 2011 or January 1, 2012 but are not relevant to the Company's financial statements:

PFRS 1 (Amendment)	:	First time adoption of PFRS – Severe Hyperinflation and Removal of Fixed Date for First-time Adopters
PAS 12 (Amendment)	:	Income Taxes – Deferred Tax: Recovery of Underlying Assets

(c) *Effective Subsequent to 2012 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

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

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

(iii) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.

(iv) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to International Financial Reporting Standards (IFRS) 9's financial asset classification model to address certain application issues.

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

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Company's financial statements.

(vi) Philippine IFRIC 15, *Agreements for Construction of Real Estate*. This Philippine interpretation is based on IFRIC interpretation issued by the IASB in July 2008 effective for annual periods beginning on or after January 1, 2009. The adoption of this interpretation in the Philippines, however, was deferred by the FRSC and Philippine Securities and Exchange Commission after giving due considerations on various application issues and the implication on this interpretation of the IASB's on-going revision of the Revenue Recognition standard. This interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*, and accordingly, when revenue from the construction should be recognized. The main expected change in practice is a shift from recognizing revenue using the percentage of completion method (i.e., as a construction progresses, by reference to the stage of completion of the development) to recognizing revenue at completion upon or after delivery. The Company is currently evaluating the impact of this interpretation on its financial statements in preparation for its adoption when this becomes mandatorily effective in the Philippines.

(vii) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the amendments below are relevant to the Company but management does not expect a material impact on the Company's financial statements.

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*. The amendment clarifies the requirements for presenting comparative information for the following:

- Requirements for opening statement of financial position

  If an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position.

  Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- Requirements for additional comparative information beyond minimum requirements

  If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

2.3 Financial Assets

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

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

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

Loans and receivables are subsequently measured at amortized cost using the effective interest method for maturities extending beyond one year, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

The Company's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents and Receivables in the statement of financial position. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

All income and expenses, excluding impairment losses on contracts receivables which are considered administrative expenses, relating to financial assets that are recognized in profit or loss, are presented as part of Finance Income, as the case may be, in the statement of comprehensive income.

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

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

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 entity and the asset has a cost or value that can be measured reliably.

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

2.5 Furniture and Fixtures

Furniture and fixtures are carried at acquisition cost less accumulated depreciation, amortization and any impairment losses. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the estimated useful life of furniture and fixtures which is three years.

Fully depreciated assets are retained in the accounts until these are no longer in use. No further charge for depreciation is made in respect of those accounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12).

The residual values and estimated useful lives of furniture and fixtures are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

2.6 Financial Liabilities

Financial liabilities, which include the Company's Trade and Other Payables (except tax-related payables and advances from customers) and Advances from Related Parties, are recognized when the Company becomes a party to the contractual terms of the instrument. These are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payment.

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

2.7 Offsetting Financial Instruments

Financial assets and liabilities are offset and the resulting net amount is reported in the statement of financial position when there is a 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.

2.8 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation 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 provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

2.9 Revenue and Expense Recognition

Revenue comprises revenue from the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for services rendered, excluding value-added tax (VAT) and discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Contract revenues and costs* – Revenue is recognized based on the actual work done which is consistent with the percentage-of-completion method. Under this method, revenues are recognized in proportion to the actual cost incurred as a percentage of total estimated costs for each contract as determined and certified by project engineers. Costs are recognized based on actual costs incurred (see Note 2.10).

(b) *Forfeiture income* – Revenue is recognized when the performance of contractually agreed tasks is not completed by the subcontractors within the specified time as agreed in the contract. Forfeiture income is presented as part of Other Operating Income in the statement of comprehensive income.

(c) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset. Interest income is presented as part of Finance Income in the statements of comprehensive income.

Cost and expenses are recognized in profit or loss upon utilization of goods and/or services or at the date they are incurred. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized.

2.10 Construction Contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Adjustments in the contract price or the estimated costs are recorded prospectively when they become known.

The Company uses the percentage-of-completion method to determine the appropriate amount to recognize as revenue in a given period. The stage of completion is measured with reference to actual stage of completion of the project as a percentage of total estimated costs for each contract as determined and certified by project engineers. Costs incurred during the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as part of other current assets.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recovered.

Contract costs are recognized when incurred.

The gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings are presented as Unbilled contracts receivable which is part of Contracts receivable under the Receivables account. Progress billings not yet paid by customers and retention are presented as Billed receivable and Retention receivable, respectively, and both accounts are part of Contracts receivable under the Receivables account.

The Company presents as a liability (under the Trade and Other Payables account) the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

2.11 Leases – Company as Lessee

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Company determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.12 Impairment of Non-financial Assets

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

Impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows.

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

2.13 Employee Benefits

The Company provides the following benefits to its employees:

(a) Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies.

In 2012 and 2011, the Company has only one qualified and regular employee, accordingly, the estimated cost of post-employment benefit was computed based on Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, discounted using the relevant Philippine Dealing and Exchange Corporation (PDEX) rate.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.14 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 reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

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

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.

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.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

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

2.15 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 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.

2.16 Equity

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

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

Deficit represents all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income.

2.17 Loss Per Share

Basic loss per share is computed by dividing the net loss by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current year.

Diluted loss per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Company does not have dilutive potential shares outstanding, hence, the diluted loss per share is equal to the basic loss per share.

2.18 Events After the End of Reporting Period

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) *Distinction between Operating and Finance Leases*

The Company has entered into a lease agreement. Judgment was exercised by management to distinguish the lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management's judgment, such lease was determined to be an operating lease.

(b) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and contingencies are discussed in Note 2.8 and relevant disclosures are presented in Note 16.

3.2 Key Sources of Estimation Uncertainty

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

(a) *Impairment of Receivables*

Adequate amount of allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers, average age of accounts, collection experience and historical loss experience.

The carrying value of receivables and the analysis of allowance and write-off of impairment on such financial assets are shown in Note 5.

(b) *Estimating Useful Lives of Furniture and Fixtures*

The Company estimates the useful lives of furniture and fixtures based on the period over which the assets are expected to be available for use. The estimated useful lives of furniture and fixtures are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of furniture and fixtures are analyzed in Note 7. Based on management's assessment as at December 31, 2012 and 2011, there is no change in the estimated useful life of furniture and fixtures as at those dates. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) Determining Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. In 2012 and 2011, the management believes, based on its recent evaluation, that the Company may not recover the tax benefit of the temporary differences considering the present circumstances of its operations as disclosed in Note 1; hence, deferred tax assets were not recognized (see Note 12).

(d) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.12). Though management believes that the assumptions used in the estimation of fair values are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment loss must be recognized in 2012, 2011 and 2010 based on management's assessment.

(e) Valuation of Post-employment Benefit

The Company has only one qualified regular employee (see Note 2.13). The Company's obligation and cost of post-employment benefit was computed based on the provisions of R.A. No. 7641 discounted using relevant PDEX rate. Management believes that the difference between the alternative estimation done by the Company and that of projected unit credit method prescribed by PAS 19 will not have any significant effect on the financial statements.

The estimated retirement benefit obligation amounts to P0.5 million as at December 31, 2012 and 2011 (see Note 11.2).

(f) Provision for Reworks

The Company provides warranties for its construction projects for a period of one year from date of completion. Management estimates the related provision for future reworks based on historical repair information, as well as recent trends that might suggest that past cost information may differ from future claims.

In 2012, the Company reversed provision for reworks amounting to P0.1 million and presented as part of Other Operating Income in the 2012 statement of comprehensive income (see Note 9). Additional provision for reworks amounting to P10,050 in 2010 (nil in 2012 and 2011) was recognized based on management's assessment, and presented as part of Repairs and maintenance under the Other Operating Expenses section in the statement of comprehensive income (see Note 10).

(g) Provision for Contract Losses

Losses on contracts are accrued when the amount of loss can be reasonably estimated. At the end of each reporting period, the estimated contract costs are reviewed to determine its reasonableness and accuracy. The actual cost is analyzed to validate the original estimate. Any difference between the estimate and actual cost is a change in estimate and therefore treated prospectively.

No provision for contract losses was necessary to be recognized in 2012, 2011 and 2010 based on management's assessment.

(h) Revenue Recognition Using the Percentage-of-Completion

The Company uses the percentage-of-completion method in accounting for its revenue. Use of percentage-of-completion requires the Company to estimate the portion completed as of the reporting period as a proportion of the total estimated cost as determined and certified by the project engineers.

Based on management's assessment, the estimate of percentage-of-completion will not materially differ from the actual percentage-of-completion based on the progress and status of construction projects as of the reporting period. Accordingly, management believes that no adjustment is necessary on the recorded contract revenue and contract costs.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as at December 31:

	2012	2011
Cash on hand and in banks	**P 884,879**	P 1,683,843
Short-term placements	**2,119,091**	2,060,397
	P 3,003,970	P 3,744,240

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for a period of 90 days and earn effective interest rates of 1.00% to 3.00% in 2012, 1.75% to 3.25% in 2011 and 2.75% to 3.50% in 2010. Interest income is presented as part of Finance Income in the statements of comprehensive income.

5. RECEIVABLES

This account is composed of the following:

	Note	**2012**	2011
Current:			
Contracts receivable	13.1	**P 73,884,439**	P 92,543,683
Advances to related parties	13.2	**8,707,556**	13,779,558
Others		**19,427**	19,427
		82,611,422	106,342,668
Allowance for impairment	13.1, 13.2	**(36,376,354)**	(48,976,286)
		46,235,068	57,366,382
Non-current –			
Other receivables		**33,000**	28,000
		P 46,268,068	P 57,394,382

Contracts receivable is broken down as follows:

	2012	2011
Billed	**P 64,912,233**	P 76,874,385
Retention	**8,972,206**	15,669,298
	P 73,884,439	P 92,543,683

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain receivables were identified to be impaired; hence, adequate amounts of allowance for impairment have been recognized. The impaired receivables pertain to long outstanding contract receivables and advances to related parties.

Other receivables presented under the Non-current Assets section of the statements of financial position represent rental deposit for the lease of the Company's office space.

A reconciliation of the allowance for impairment at the beginning and end of 2012 and 2011 is shown below.

	Note	**2012**	2011
Balance at beginning of year		**P 48,976,286**	P 36,355,336
Impairment losses	10	**10,367,396**	12,620,950
Write-off of receivables		**(22,967,328)**	-
Balance at end of year		**P 36,376,354**	P 48,976,286

Management considers the net carrying amount of the current receivables to be a reasonable approximation of fair value because of the short duration of the accounts.

6. OTHER CURRENT ASSETS

This account consists of:

	Notes	2012	2011
Creditable withholding tax		**P 18,730,001**	P 18,141,727
Advances to contractors and suppliers	13.2	**122,086**	3,409,631
Others	20.1(b)	**95,642**	45,893
		P 18,947,729	P 21,597,251

7. FURNITURE AND FIXTURES

The gross carrying amounts and accumulated depreciation and accumulated impairment loss of furniture and fixtures at the beginning and end of 2012, 2011 and 2010 are shown below.

	2012	2011	2010
Cost	**P 9,724,268**	P 9,699,714	P 9,699,714
Accumulated depreciation	**(9,526,690)**	(9,343,657)	(9,517,117)
Accumulated impairment loss	**(177,116)**	(177,116)	(177,116)
Net carrying amount	**P 20,462**	P 1,825	P 5,481

A reconciliation of the carrying amounts of furniture and fixtures at the beginning and end of 2012 and 2011 is shown below.

	2012	2011
Balance at beginning of the year, net of accumulated depreciation and impairment	**P 1,825**	P 5,481
Additions	**24,554**	-
Depreciation charges	**(5,917)**	(3,656)
Balance at end of the year, net of accumulated depreciation and impairment	**P 20,462**	P 1,825

Depreciation charges are presented as part of Administrative Expense in the statement of comprehensive income (see Note 10).

As of December 31, 2012, 2011 and 2010, fully depreciated assets with total cost of P9.7 million are still in use.

8. TRADE AND OTHER PAYABLES

This account consists of:

	Note	2012	2011
Deferred output VAT	20.1(a)	**P 7,916,190**	P 11,251,119
Retention fees		**3,796,150**	2,680,908
Advances from customers		**2,865,392**	6,544,397
Trade payables		**2,436,764**	2,436,765
Output VAT	20.1(a)	**-**	118,178
Others		**525,482**	1,072,965
		P 17,539,978	P 24,104,332

Due to its short duration, the carrying amounts of trade and other payables recognized in the statements of financial position are considered by the management to be a reasonable approximation of fair values.

9. OTHER OPERATING INCOME

Presented below are the details of other operating income.

	2012	2011	2010
Gain on curtailment	**P -**	P -	P 289,498
Miscellaneous	**108,599**	36,517	38,393
	P 108,599	P 36,517	P 327,891

Miscellaneous income in 2012 pertains to reversal of provision as management believes that the related expenditures will no longer be incurred.

10. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	2012	2011	2010
Impairment losses on receivables	5, 13	**P 10,367,396**	P 12,620,950	P 7,761,900
Outside services		**29,185,130**	18,493,879	34,656,499
Salaries and employee benefits	11.1	**865,953**	804,304	1,143,271
Taxes and licenses	20.1(f)	**474,163**	677,023	1,061,517
Professional fees		**450,000**	441,250	417,500
Rental	16.1	**144,000**	144,000	144,000
Utilities and communication		**76,274**	100,389	108,690
Repairs and maintenance	3.2 (f)	**10,696**	-	10,050
Depreciation	7	**5,917**	3,656	5,224
Miscellaneous		**2,106,056**	2,122,223	1,222,195
		P 43,685,585	P 35,407,674	P 46,530,846

These expenses are classified in the statements of comprehensive income as follows:

	2012	2011	2010
Contract costs	**P 29,440,162**	P 18,784,100	P 34,975,785
Administrative expenses	**12,056,624**	14,400,962	10,214,126
Other operating expenses	**2,188,799**	2,222,612	1,340,935
	P 43,685,585	P 35,407,674	P 46,530,846

Contract costs for the years ended December 31, 2012, 2011 and 2010 consist of the following.

	Note	2012	2011	2010
Subcontractors' fee		**P 29,185,130**	P 18,493,879	P 34,656,499
Taxes and licenses	20.1(f)	**255,032**	290,221	319,286
		P 29,440,162	P 18,784,100	P 34,975,785

11. EMPLOYEE BENEFITS

11.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below (see Note 10).

	2012	2011	2010
Short-term employee benefits	**P 807,021**	P 771,066	P 1,143,271
Post-employment benefit	**58,932**	33,238	-
	P 865,953	P 804,304	P 1,143,271

As at December 31, 2012 and 2011, the Company has only one employee administering managerial function to the Company.

11.2 Post-employment Benefit

The Company does not have a formal retirement benefit plan; however, it effectively maintains an unfunded, noncontributory post-employment defined benefit plan based on the provisions of law covering its regular full-time employee. Following the retrenchment of project-based employees in 2008, the Company no longer obtained updated actuarial valuation report.

The retirement benefit obligation of the Company to its only employee as at December 31, 2012 and 2011, were computed using the provisions of R.A. No. 7641, discounted using the PDEX rate of 4.78% and 5.59%, respectively. Retirement benefit obligation amounts to P0.5 million as at December 31, 2012 and 2011.

12. TAXES

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

	2012	2011	2010
Minimum corporate income tax (MCIT) at 2%	**P 141,354**	P 86,039	P 81,525
Final tax at 20%	**15,036**	14,728	17,871
	P 156,390	P 100,767	P 99,396

The reconciliation of tax on pretax loss computed at the applicable statutory rates to tax expense reported in profit or loss is presented below.

	2012	2011	2010
Tax on pretax loss at 30%	**(P 2,098,182)**	(P 3,674,392)	(P 1,921,034)
Adjustment for income subjected to lower income tax rate	**(7,518)**	(7,364)	(8,935)
Tax effects of:			
Unrecognized deferred tax assets	**(8,730,665)**	3,158,570	2,219,016
Reversal of unrecognized deferred tax assets	**6,890,198**	-	-
Expired net operating loss carry-over (NOLCO)	**4,931,616**	535,018	-
Application of previously unrecognized NOLCO	**(1,270,709)**	(384,965)	(102,068)
Non-deductible expenses	**296,126**	285,493	17,147
Expired MCIT	**145,524**	188,407	-
Non-taxable income	**-**	-	(104,730)
Tax expense	**P 156,390**	P 100,767	P 99,396

The unrecognized deferred tax assets relate to the following as at December 31, 2012 and 2011:

	2012		2011	
	Amount	**Tax Effect**	Amount	Tax Effect
Impairment of receivables	**P 36,376,354**	**P 10,912,906**	P 48,976,286	P 14,692,886
Retirement benefit obligation	**545,070**	**163,521**	486,138	145,841
Provision for reworks	**365,079**	**109,524**	473,678	142,103
MCIT	**308,918**	**308,918**	313,088	313,088
Impairment of furniture and fixtures	**177,116**	**53,135**	177,116	53,135
NOLCO	**-**	**-**	20,674,416	6,202,325
	P 37,772,537	**P 11,548,004**	P 71,100,722	P 21,549,378

The Company is subject to MCIT, which is computed at 2% of gross income less allowable deductions, as defined under the tax regulations or Regular Corporate Income Tax (RCIT), whichever is higher. The Company is liable to pay MCIT in 2012, 2011 and 2010 as MCIT was higher than RCIT.

The Company claimed as deduction from its taxable income in 2012, 2011 and 2010 portion of its available NOLCO incurred in previous years as follows: P4.2 million in 2009, P1.3 million in 2008 and P0.3 million in 2007, respectively. The remaining balance of NOLCO incurred in 2009 and 2008 amounting to P16.4 million and P1.8 million expired in 2012 and 2011, respectively.

The details of MCIT, which the Company can claim against future RCIT, are shown below.

Year Incurred	Amount	Expired MCIT	Remaining Balance	Valid Until
2012	P 141,354	P -	P 141,354	2015
2011	86,039	-	86,039	2014
2010	81,525	-	81,525	2013
2009	145,524	145,524	-	2012
	P 454,442	P 145,524	P 308,918	

In 2012, 2011 and 2010, the Company opted to claim itemized deductions in computing its income tax due.

13. RELATED PARTY TRANSACTIONS

The Company's related parties include entities under common ownership or control, and the Company's key management. The following is a summary of the transactions of the Company with its related parties:

Related Party Category	Note	Amount of Transactions 2012	2011	2010	Outstanding Balance 2012	2011
Related Parties Under Common Ownership:						
Construction services	13.1	**P 36,507,868**	P 23,049,541	P 39,361,055	**P 73,884,439**	P 92,543,683
Advances from related parties	13.2	**(733,118)**	5,072,002	-	**4,378,128**	5,111,246
Advances to related parties	13.2	**(5,072,002)**	-	-	**8,707,556**	13,779,558
Key Management Personnel -						
Compensation	13.3	**865,953**	804,304	1,143,271	**545,070**	486,138

13.1 Rendering of Services

The Company renders construction services to certain related parties under common ownership for certain real estate projects of the latter. Construction services are recognized based on the actual work done which is consistent with the percentage-of-completion method.

Service income amounting to P36.5 million in 2012, P23.0 million in 2011 and P39.4 million in 2010 arising from these transactions with related parties are presented as Contract Revenues in the statements of comprehensive income. The related outstanding receivables amounting to P73.9 million and P92.5 million as at December 31, 2012 and 2011, respectively, are shown as Contracts Receivable under the Receivables account in the statements of financial position (see Note 5). These receivables are unsecured to the extent of advances received, non-interest bearing and payable in cash or through offsetting arrangements between the related parties.

Presented below is an analysis of the movements of Contracts Receivables.

	2012	2011
Balance at beginning of year	**P 92,543,683**	P 86,959,124
Contract revenues	**36,507,868**	23,049,541
Write-off of receivables (gross of deferred output VAT)	**(25,723,407)**	-
Collections	**(29,443,705)**	(17,464,982)
Balance at end of year	**P 73,884,439**	P 92,543,683

The Company has also existing commitments, guarantees, and contingent liabilities relating to on-going construction projects of the Company (see Note 16.2).

As at December 31, 2012 and 2011, allowance for impairment recognized on these receivables amounts to P27.7 million and P40.3 million, respectively. Impairment loss recognized amounted to P10.4 million in 2012, P12.6 million in 2011 and P7.8 million in 2010.

13.2 Advances to/from Related Parties

In the normal course of business, the Company obtains from and grants to its related parties (other than those provided to officers and directors for carrying out official business functions and activities which are subject to liquidation which as at December 31, 2012 and 2011 has no outstanding balance) unsecured, noninterest-bearing, cash advances for working capital requirements and other purposes.

Total advances to related parties are presented as Advances to Related Parties under Receivables in the statements of financial position (see Note 5). The advances are provided with allowance for impairment amounting to P8.7 million as at December 31, 2012 and 2011.

The movements in the Advances to Related Parties account are shown below.

	2012	2011
Balance at beginning of year	**P 13,779,558**	P 13,779,558
Repayment	**(5,072,002)**	-
Balance at end of year	**P 8,707,556**	P 13,779,558

Total outstanding advances from related parties as of December 31, 2012 and 2011 are presented as Advances from Related Parties in the statements of financial position.

The movements in the Advances from Related Parties account are shown below.

Balance at beginning of year	**P 5,111,246**	P 39,244
Repayments	**(733,118)**	-
Additions	**-**	5,072,002
Balance at end of year	**P 4,378,128**	P 5,111,246

Advances received due to recoupment arrangement are offset against Advances to contractors and suppliers presented under the Other Current Assets account in the statements of financial position.

The advances to and from related parties have no fixed repayment terms and are generally payable in cash on demand, or through offsetting arrangements with the related parties. As such and due to their short duration, management considers the carrying amounts of advances to/from related parties to be a reasonable approximation of fair values.

13.3 Key Management Personnel Compensation

The compensation of key management personnel is broken down as follows:

	2012	2011	2010
Short-term employment benefits	**P 807,021**	P 771,066	P 1,143,271
Post-employment benefit	**58,932**	33,238	-
	P 865,953	P 804,304	P 1,143,271

Certain administrative functions of the Company are performed by the officers of a related party under common ownership at no cost to the Company.

14. CAPITAL STOCK

As at December 31, 2012 and 2011, the Company has total authorized capital stock of P155,000,000 divided into 155,000,000 shares with a P1.00 par value per share. As at those dates, it has a total issued and outstanding shares amounting to P110.0 million, equivalent to 110,000,000 shares.

On December 19, 2003, the SEC approved the listing of the Company's shares totaling 50,000,000. The shares were initially issued at an offer price of P1.10 per share. Such listed shares closed at P0.80 per shares as at May 11, 2009. No further trading of its shares has occurred since May 11, 2009. Furthermore, the Company has no other securities traded or listed for trading in any securities exchange.

15. LOSS PER SHARE

The basic and diluted loss per share were computed as follows:

	2012	2011	2010
Net loss	**P 7,150,330**	P 12,348,741	P 6,502,841
Divided by the weighted average number of outstanding common shares	**110,000,000**	110,000,000	110,000,000
Basic and diluted loss per share	**P 0.064**	P 0.112	P 0.059

The Company has no dilutive potential common shares as at December 31, 2012, 2011 and 2010; hence, diluted loss per share equals the basic loss per share.

16. COMMITMENTS AND CONTINGENCIES

16.1 Operating Lease Commitments – Company as Lessee

The Company is a lessee under a non-cancellable operating lease agreement covering office space. The lease has a term of one year and with renewable options. Total rental incurred from this operating lease amounted to P0.1 million in 2012, in 2011, and in 2010 (see Note 10).

16.2 Others

There are commitments, guarantees, and contingent liabilities relating to construction projects entered into by the Company that arise in the normal course of operations which are not reflected in the financial statements. As of December 31, 2012, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The Company's risk management is coordinated with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Company is exposed to are described in the succeeding pages.

17.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks which result from both its operating and investing activities.

(a) Foreign Currency Risk

The Company has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency.

(b) Interest Rate Risk

As at December 31, 2012 and 2011, the Company is exposed to changes in market interest rates through its cash and cash equivalents, which are subject to variable interest rates (see Note 4). All other financial assets and liabilities are not subject to interest rates.

The subsequent paragraph illustrates sensitivity of the loss before tax for the year to a reasonably possible change in interest rates of +/- 0.50% in 2012, +/- 0.91% in 2011 and +/-1.19% in 2010. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

All other variables held constant, if the interest rates increased by 0.50% in 2012, 0.91% in 2011 and 1.19% in 2010, loss before tax would have decreased by P45,464, P108,692 and P23,442, respectively. Conversely, if the interest rate decreased by the same percentage, loss before tax would have been higher by the same amount.

17.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and other counter parties and by placing deposits.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, advance payments representing portion of the total contract price are received from customers to mitigate credit risk.

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

	Notes	**2012**	2011
Cash and cash equivalents	4	**P 3,003,970**	P 3,744,240
Receivables – net	5	**46,268,068**	57,394,382
		P 49,272,038	P 61,138,622

The carrying amount of these financial assets is a reasonable approximation of their fair value due to short-term duration.

None of the Company's financial assets are secured by collateral or other credit enhancements. The management considers that all the above financial assets that are not impaired or past due for each reporting dates are of good credit quality.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Cash in banks which are secured by a maximum coverage of P500,000 for every depositor per banking institution, as provided for under Republic Act (RA) No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation,* are also subjected to credit risk.

(b) Receivables

In respect of receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Contract receivables are 100% due from its related parties as the Company's construction projects are concentrated on the projects provided by its related parties. Based on historical information about customer default rates management considers the credit quality of trade receivables that are not impaired to be good.

Some of the unimpaired contract receivables are past due as at the end of the reporting period. No other financial assets are past due at the end of the reporting period. Receivables past due but not impaired are as follows:

	2012	2011
Not more than six months	**P 8,202,516**	P -
More than six months but not more than one year	**389,868**	4,031,242
More than one year	**30,844,874**	42,963,121
	P 39,437,258	P 46,794,363

17.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled payments for its financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection.

The Company maintains cash that is good for up to a 60-day period to meet its liquidity requirements.

As at December 31, 2012 and 2011, the Company's financial liabilities amounting to P11.1 million and P11.3 million, respectively, have contractual maturities within six months to one year from the reporting date. The contractual maturities reflect the gross cash flows which approximates the carrying values of the liabilities at the end of the reporting periods.

18. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	2012				2011			
	Carrying Amount		**Fair Values**		Carrying Amounts		Fair Values	
Financial Assets								
Loans and receivables:								
Cash and cash equivalents	**P**	**3,003,970**	**P**	**3,003,970**	P	3,744,240	P	3,744,240
Receivables - net		**46,268,068**		**46,268,068**		57,394,382		57,394,382
	P	**49,272,038**	**P**	**49,272,038**	P	61,138,622	P	61,138,622
Financial Liabilities								
At amortized-cost:								
Trade and other payables	**P**	**6,758,396**	**P**	**6,758,396**	P	6,190,638	P	6,190,638
Advances from related parties		**4,378,128**		**4,378,128**		5,111,246		5,111,246
	P	**11,136,524**	**P**	**11,136,524**	P	11,301,884	P	11,301,884

The Company has no financial assets and liabilities measured at fair value accordingly, it does not have a fair value hierarchy disclosure.

19. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern (as discussed in Note 1.2) and to provide an adequate return to shareholders by pricing services commensurately with the level of risk. As also discussed in Note 1.2, management believes that the Company remains to have a strong financial condition. Nevertheless, the challenge is in keeping it strong and improving its profitability to at least keep a healthy financial condition while the Company is transitioning from a construction company to real estate development company.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the pay-off of existing debts.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2012	2011
Total liabilities	**P 22,828,255**	P 30,175,394
Total equity	**45,411,974**	52,562,304
Debt-to-equity ratio	**P 0.50 : 1**	P 0.57 : 1

20. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

20.1 Requirements under Revenue Regulations (RR) No. 15-2010

(a) Output VAT

In 2012, the Company declared output VAT amounting to P2,987,920 based on contract revenue amounting to P24,899,336.

The tax bases of contract revenues are based on the Company's gross receipts for the year, hence, may not be the same with the amounts presented in the 2012 statement of comprehensive income.

The Company has no outstanding output VAT payable as at December 31, 2012. On the other hand, it has outstanding deferred output VAT payable of P7,916,190, arising from the uncollected receivables as at December 31, 2012, which is presented as Deferred output VAT under the Trade and Other Payables account in the 2012 statement of financial position (see Note 8).

The Company did not have zero-rated and VAT exempt transaction in 2012.

(b) Input VAT

The movements in input VAT in 2012 is summarized below.

Balance at beginning of year	P -
Services lodged under cost of goods sold	2,967,949
Services lodged under other accounts	85,272
Input VAT applied against output VAT	(2,987,920)
Balance at end of year	P 65,301

Input VAT as at December 31, 2012 is presented as part of Other Current Assets in the 2012 statement of financial position (see Note 6).

(c) Taxes on Importation

The Company has not paid or accrued any customs' duties and tariff fees as it has no importations for the year ended December 31, 2012.

(d) Excise Tax

The Company did not have any transactions in 2012 which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

In 2012, the Company did not incur any DST since it did not have any transactions in 2012 which are subject to DST.

(f) Taxes and Licenses

The details of taxes and licenses are broken down as follows (see Note 10):

Business tax	P	417,064
Municipal license and permits		56,599
Annual VAT registration		500
	P	474,163

The amounts of taxes and licenses are allocated as follows (see Note 10):

Contract costs	P	255,032
Operating expenses		219,131
	P	474,163

(g) Withholding Taxes

The details of withholding taxes in 2012 are shown below.

Compensation and benefits	P	19,524
Expanded		2,610
	P	22,134

The Company has no transactions in 2012 which are subject to final tax.

(h) Deficiency Tax Assessments and Tax Cases

The Company paid deficiency tax on income taxes, VAT and withholding tax totaling to P217,714 in 2012.

As of December 31, 2012, the Company does not have any final deficiency tax assessments from 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.

20.2 Requirements Under RR No. 19-2011

RR No. 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented in the succeeding pages are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2012 statement of comprehensive income.

(a) Taxable Revenues

The Company's taxable revenues from rendering of services, which is subject to regular rate, amounted to P36,507,868 for the year ended December 31, 2012.

(b) Deductible Cost of Services

Deductible costs of services for the year ended December 31, 2012, which is subject to regular tax rate, comprises the following:

Cost of construction	P	29,185,130
Taxes, permits and licenses		255,032
	P	29,440,162

(c) Taxable Non-operating and Other Income

The Company has no taxable non-operating other income in 2012, which is subject to regular rate.

(d) Itemized Deductions

The Company's itemized deductions for the year ended December 31, 2012 is as follows:

Salaries and employee benefits	P	807,021
Outside services		618,672
Professional fees		450,000
Subscriptions		275,326
Taxes and licenses		219,131
Rental		144,000
Communication, light and water		76,274
Fuel and oil		60,600
Transportation and travel		47,900
Office supplies		17,577
Seminar, training and meetings		12,000
Repairs and maintenance		10,696
Depreciation and amortization		5,917
Miscellaneous		86,896
	P	2,832,010

(e) Special Deduction

In 2012, the Company applied NOLCO amounting to P4,235,696 against its taxable income for the year.

Punongbayan & Araullo

An instinct for growth™

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

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The Board of Directors and Stockholders
Supercity Realty Development Corporation
Unit 1223 12/F City & Land Mega Plaza
ADB Avenue corner Garnet Road
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Supercity Realty Development Corporation for the year ended December 31, 2012, on which we have rendered our report dated April 11, 2013. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) are presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information are the responsibility of management. The supplementary information have 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. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 3671441, January 2, 2013, Makati City
SEC Group A Accreditation
Partner - No. 1185-A (until Jan. 18, 2015)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-34-2011 (until Sept. 21, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 11, 2013

SUPERCITY REALTY DEVELOPMENT CORPORATION
List of Supplementary Information
December 31, 2012

***** *These schedules and supplementary information are not included as these are not applicable to the Company.*

Supercity Realty Development Corporation
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
As of December 31, 2012

Name and Designation of Debtor	Position	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Non Current	Balance at End of Period
Related Parties								
City and Life Property, Inc.		5,883,858	-	2,000,000.00	-	3,883,858	-	3,883,858
Prosperity Builders Resources, Inc.		5,478,194	-	2,072,001.19	-	3,406,193	-	3,406,193
Extraordinary Development Corporation		-	-	-	-	-	-	-
Supreme Housing Builders, Inc.		2,417,505	-	1,000,000	-	1,417,505	-	1,417,505
Total Receivable from Related Parties		13,779,557	-	5,072,001	-	8,707,556	-	8,707,556

Supercity Realty Development Corporation
Schedule F. Indebtedness to Unconsolidated Subsidiaries and Related Parties
As of December 31, 2012

Name and Designation of Debtor	Position	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Non Current	Balance at End of Period
Related Parties								
City and Life Property, Inc.		-	-	-	-	-	-	-
Prosperity Builders Resources, Inc.		39,245	-	-	-	39,245	-	39,245
Extraordinary Development Corporation		5,072,001	-	733,118	-	4,338,883	-	4,338,883
Supreme Housing Builders, Inc.		-	-	-	-	-	-	-
Total Receivable from Related Parties		5,111,246	-	733,118	-	4,378,128	-	4,378,128

Supercity Realty Development Corporation
Schedule I - Capital Stock
December 31, 2012

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, coversion and other rights	Number of shares held by: Related parties	Directors, officers and employees	Others
Common shares - P1 par value						
Authorized - P155,000,000 shares						
Issued and outstanding - 110,000,000 shares in 2012 and 2011	155,000,000	110,000,000	-	12,160,000	44,035,000	53,805,000

Supercity Realty Development Corporation
Summary of Financial Soundness Indicators
As at December 31, 2012 and 2011

Financial Soundness Indicators	Formula	2012	2011
Liquidity:			
Current Ratio	Current Assets/Current Liability	3.06 : 1	2.79 : 1
Solvency:			
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.50 : 1	0.57 : 1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	1.50 : 1	1.57 : 1
Interest-rate-coverage:			
*Interest-rate-coverage ratio	Profit Before Tax/Finance Costs	n/a	n/a
Profitability:			
Return-on-investment	Net Income/Average Capital Stock	-6.50%	-11.23%

*The Company has no existing interest-bearing loans as of the given period.

SUPERCITY REALTY DEVELOPMENT 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, 2012**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans* *(effective January 1, 2013)*			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2013)*			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			✓
PFRS 8	Operating Segments**	✓		
PFRS 9	Financial Instruments* *(effective January 1, 2015)*			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			✓
PFRS 10	Consolidated Financial Statements* *(effective January 1, 2013)*			✓
	Amendments to PFRS 10: Transition Guidance* *(effective January 1, 2013)*			✓
	Amendments to PFRS 10: Investment Entities* *(effective January 1, 2013)*			✓
PFRS 11	Joint Arrangements* *(effective January 1, 2013)*			✓
	Amendments to PFRS 11: Transition Guidance* *(effective January 1, 2013)*			
PFRS 12	Disclosure of Interests in Other Entities* *(effective January 1, 2013)*			✓
	Amendments to PFRS 12: Transition Guidance* *(effective January 1, 2013)*			✓
	Amendments to PFRS 12: Investment Entities* *(effective January 1, 2013)*			✓
PFRS 13	Fair Value Measurement* *(effective January 1, 2013)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Revised)	Employee Benefits* *(effective January 1, 2013)*			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate			✓
PAS 27 (Amended)	Separate Financial Statements* *(effective January 1, 2013)*			✓
	Amendments to PAS 27 (Amended): Investment Entities* *(effective January 1, 2013)*			✓
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures* *(effective January 1, 2013)*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2014)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers**	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine* *(effective January 1, 2013)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-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 2012 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.