SuperCity Realty Development Corporation

Service… Reliability… Development… Care…

Date :	May 26, 2011	File No.	: PSE 2011-011
To :	Ms. Janet A. Encarnacion Head, Disclosure Department	From	: SRDC
Subject :	SEC Form 20-IS (Preliminary)		

Madam:

We hereby submit/upload our Information Statement (Preliminary) filed using SEC Form 20-IS for the upcoming annual stockholders' meeting on June 29, 2011.

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

Thank you.

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

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that there will be an annual meeting of stockholders of Supercity Realty Development Corporation (SRDC) on **Wednesday, 29 June 2011.** The time and venue will be announced shortly as soon as physical arrangements have been finalized. The agenda will be as follows:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2010 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of Punongbayan & Araullo as External Auditors
9. Other Matters
10. Adjournment

In accordance with the rules of the Philippine Stock Exchange (PSE), the close of business on **31 May 2011** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

The time of registration for those who are personally attending the meeting will be announced shortly as soon as the physical arrangements have been finalized. All stockholders who will not, are unable, or do not expect to attend the meeting in person are requested to fill out, date, sign and send a proxy to the Corporation at Unit 1223 City & Land Mega Plaza, ADB Ave. Corner Garnet Rd. Ortigas Center, Pasig City, Metro Manila, Philippines. All proxies should be received by the Corporation **at least two (2) days** before the meeting, or on or before **27 June 2011**. Proxies submitted shall be validated by a Committee of Inspectors on **28 June 2011** at 9:00 o'clock in the morning at Unit 1223 City & Land Mega Plaza, ADB Ave. Corner Garnet Rd. Ortigas Center, Pasig City. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

To avoid inconvenience in registering your attendance at the meeting, you or your proxy is requested to bring identification paper(s) containing a photograph and signature, e.g. passport, driver's license, or credit card.

City of Pasig, Metro Manila, 16 May 2011.

FERDINAND SOLIMAN
Corporate Secretary

SEC Number A200008385
File Number ____________

SUPERCITY REALTY DEVELOPMENT CORPORATION
(Company's Full Name)

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

638-7779
(Telephone Number)

December 31
(Calendar Year Ending – Month & Day)

SEC Form 20-IS (Preliminary)
(Form Type)

____
Amendment Designation (If Applicable)

For Annual Stockholders' Meeting dated June 29, 2011
Period Ended Date

____
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement

   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter
   SUPERCITY REALTY DEVELOPMENT CORPORATION

3. **METRO MANILA, PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **A200008385**

5. BIR Tax Identification Code **206-816-824**

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

7. Registrant's telephone number, including area code **(632)6387779**

8. **JUNE 29, 2011 / Time and Venue – to be announced**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **JUNE 08, 2011**

10. ***In case of Proxy Solicitations:***

    Name of Person Filing the Statement/Solicitor: **Ferdinand Soliman on behalf of the Registrant**
    Address and Telephone No.: **UNIT 1223 CITY & LAND MEGA PLAZA, ADB AVE. CORNER GARNET ROAD, ORTIGAS CENTER, PASIG CITY / 638-7779**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or 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**

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes ____✓___ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
PHILIPPINE STOCK EXCHANGE COMMON STOCK

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders

(a) The Annual Stockholders' Meeting of Supercity Realty Development Corporation (the "Company" or "SRDC") will be held on Wednesday, June 29, 2011. The time and venue will be announced shortly as soon as physical arrangements have been finalized.
The Company's office and mailing address is at Unit 1223 City & Land Mega Plaza, ADB Ave. Corner Garnet Rd. Ortigas Center, Pasig City.

(b) The approximate date on which information statement shall be sent or given to security holders is on June 08, 2011.

Dissenters' Right of Appraisal

The instances stated in Title X, Section 81, of the Corporation Code, namely, (1) amendment to the articles of incorporation that has the effect of changing or restricting the rights of shares or creating preferences in new shares superior to outstanding shares, (2) extension or shortening of corporate term, (3) sale, conveyance, mortgage, or other disposition of all or substantially all of the corporate property and assets and (4) corporate mergers or consolidations, are not among the matters to be acted upon during the Annual Stockholders' Meeting, with respect to which any dissenting stockholder may exercise his appraisal right.

Following Title X of the Corporation Code, the appraisal right of any stockholder is two-fold: (1) to dissent in certain corporate actions affecting his investment or corresponding rights thereto and (2) to demand payment of the fair value of the shares subsequent to his exercise of his right to dissent.

In order to perfect the stockholders' appraisal right, the following shall be exercised:
(a) The stockholder voted against the proposed corporate action which can be any of the instances stated in Section 81 of the Corporation Code. Only under such cases can the stockholder exercise his appraisal right.
(b) The dissenting stockholder shall make a written demand to the Company within thirty (30) days from the date the vote is taken on the corporate action dissented from. Failure to do so within the given period shall mean waiver of the stockholders' right to dissent.
(c) If the proposed corporate action dissented by a stockholder is implemented, the Company shall pay such stockholder, upon surrender of the stock certificate representing his shares, at an amount agreed upon between the Company and the dissenting stockholder. If the settlement value cannot be agreed upon within sixty (60) days from the date the corporate action was approved, the amount shall be determined by three (3) disinterested persons chosen by the stockholder, the Company and the two thus chosen. The decision by the majority of the three (3) disinterested persons shall be final.
(d) The payment shall be made only when the Company has unrestricted retained earnings to cover such payment.
(e) Upon payment of the shares, the stockholder shall then transfer his shares to the Company.

There are no matters to be discussed in the Annual Stockholders' Meeting which will give rise to the exercise of the dissenter's right of appraisal

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

To the best knowledge of the Company, no director or officer of the Company, or nominee for election as a director of the Company or any associate of any of the foregoing persons, has any interest, directly or indirectly, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) As of May 16, 2011, the Company had 110,000,000 common shares outstanding and each share is entitled to one vote.

(b) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is May 31, 2011.

(c) With respect to the election of seven (7) directors, each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).

(d) Security ownership of certain record and beneficial owners and management

Security Ownership of Certain Record and Beneficial Owners

As of April 30, 2011, 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 (same person)	Filipino	18,000,000	16.36
Common	Mylene Lim *(2)* 21 Alvir St. Little Baguio San Juan M.M.	Mylene Lim (same person)	Filipino	10,850,000	9.86
Common	Nimfa Leonco *(3)* 54 Gregory St. Saint Charbel Village Mindanao Avenue Q.C.	Nimfa Leonco (same person)	Filipino	10,850,000	9.86
Common	Arthur Lim *(4)* 21 Alvir St. Little Baguio San Juan M.M.	Arthur Lim (same person)	Filipino	7,150,000	6.50
Common	Ferdinand Soliman *(5)* 14 Mapagbigay St. Diliman Q.C.	Ferdinand Soliman (same person)	Filipino	7,150,000	6.50

(1) Wilfredo Uy is currently the Chairman/President of the Company.
(2) Mylene Lim is currently a Managing Director and Treasurer of the Company.
(3) Ninfa Leonco was previously a director of the Company
(4) Arthur Lim was previously a director and Chairman/President of the Company
(5) Ferdinand Soliman is currently a Director and the Corporate Secretary of the Company.

Security Ownership of Management

As of April 30, 2011, 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	Wilfredo Uy	18,000,000	Direct	Filipino	16.36
Common	Mylene Lim	10,850,000	Direct	Filipino	9.86
Common	Ferdinand Soliman	7,150,000	Direct	Filipino	6.50
Common	Rossanna Gallega	1	Direct	Filipino	Nil
Common	Noric Ng	3,000,000	Direct	Filipino	2.73
Common	Enrique Cunanan	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	39,015,001			35.45

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.

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

Directors and Executive Officers

Directors and Executive Officers

The Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next succeeding Annual Meeting or until their respective successors have been elected and qualified.

The names, ages, current position, citizenship, and periods of service of all the incumbent Directors and Executive Officers of the Company for the last five (5) are as follows:

Board of Directors

The following are the incumbent members of the Board of Directors who are also nominated herein for election/re-election as members of the Board of Directors for 2011 – 2012**:**

Wilfredo C. Uy, 44, *Chairman and President*. Mr. Uy is a Filipino citizen, and is a member of the board since the Company's incorporation and became Corporate Treasurer in January 2002 and President/Chairman in June 2007. He graduated from the De La Salle University in 1987 with a Bachelor of Science degree in Commerce, major in Accounting. He is a Certified Public Accountant (CPA) and worked as such since 1988. Being a CPA, he was elected to become a member of the Audit Committee in June 2004. He is also a partner of Ong, Ordoñez & Associates; Director of Great Asia Lighting Inc.; Treasurer of J. Drew Group Inc., and Aristocrat Transportation Inc.; and Corporate Secretary of Infinity Knitcraft Inc.

Ferdinand Z. Soliman, 48, *Managing Director and Corporate Secretary*. 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.

Mylene T. Lim, 47, *Managing Director and Corporate 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 Treasurer during the June 27, 2007 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. During the 27 June 2007 Organizational Meeting of the Board of Directors, Ms. Lim was appointed as member of the Audit and Compensation and Remuneration Committees.

Noric Terence T. Ng, 35, *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.

Maila M. Paredes, 41, *Independent Director*, Ms. Paredes is a Filipino citizen. She was elected as a member of the Board during the June 2004 Annual Stockholders' Meeting. A Cum Laude graduate from the Polytechnic University of the Philippines with a Bachelor of Science degree in Accountancy, she currently works in the public practice. She passed the Certified Public Accountant Licensure Examination in 1991. She was formerly connected with Sycip Gorres Velayo & Co. as Auditor from 1991 to 1996 and with Extraordinary Development Corporation as Audit Manager from 1996 to 2002. With her accounting and audit experience, she was elected to become a member of the Nomination Committee during the June 29, 2005 Organizational Meeting of the BOD and to chair the Audit Committee. She held the position of Audit Chairperson since June 30, 2004.

Jean Cestina, 40, *Independent Director*, Ms. Cestina is a Filipino citizen. She was elected as an independent director during the June 2005 Annual Stockholders' Meeting. She graduated from the College of the Holy Spirit in 1991 with a Degree of Bachelor of Science in Commerce Major in Accounting. She gained her 18 years experience in the accounting profession through her work in various companies such as Legaspi Import & Export Inc., Saisho Denshi Inc. and Extraordinary Development Corporation. She currently works as Accounting Manager in Ong Ordoñez & Associates Inc, an accounting and auditing firm. Concurrently, she is a stockholder of Certrain Inc., a computer training company and Auguste Manufacturing Inc., a jewelry manufacturer. She was appointed as one of the members of the Compensation and Remuneration Committee last 27 June 2007.

Fernando Mamuyac, 46, Filipino, is nominated as director. He graduated from the Technological Institute of the Philippines in 1989 with a Bachelor of Science degree in Civil Engineering. He has solid experience in construction bringing with him more than 15 years of experience in project management gained from the private construction and real estate companies.
He is presently working as project manager at First Advance Development Corporation.

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 29, 2011.

Independent Directors

Ms. Maila Paredes and Ms. Jean Cestina qualify as independent directors of the Company pursuant to SRC Rule 38, that is, they are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company. SRC Rule 38 provides that the Company shall have at least two (2) independent directors, or at least twenty percent (20%) of its board size, whichever is lesser. Given a board size of seven (7), the Company may have at least one (1) independent director.

The Nomination Committee, composed of Mr. Wilfredo Uy as Chairman, Mr. Ferdinand Soliman and Ms. Maila Paredes as members, in a meeting held on May 10, 2011, indorsed the respective nominations in favor of Ms. Maila Paredes (by Mr. Wilfredo Uy) and Ms. Jean Cestina (by Mr. Ferdinand Soliman). Mr. Wilfredo Uy and Mr. Ferdinand Soliman are not related in any manner to the nominees.

Principal Officers

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

Ferdinand Z. Soliman, 48, *General Manager-Operations*, Filipino, heads the Operations Unit. 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.

Enrique C. Cunanan, 42, *Acting Deputy General Manager – 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.

Significant Employees

There are no employees expected by the Company to make significant contribution to the business.

Family Relationships

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

Involvement in Certain Legal Proceedings

The Company is not involved in, nor is any of its properties subject to, any material legal proceedings that could potentially affect its operations and financial capabilities.

The Company is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- 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 two (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.

Certain Relationships and Related Transactions

The Company renders construction services for certain real estate projects of companies under common stockholders. The breakdown of the construction services rendered and the outstanding balances are as follows:

	Amount of Transactions		**Outstanding Balances**	
	2010	**2009**	**2010**	**2009**
Extraordinary Development Corp (EDC)			10,142,346	10,851,286
Acerhomes Development Corporation (ADC)	530,563	3,416,372	10,531,454	10,726,146
Earth + Style Corporation (ESC)			5,185,434	5,185,434
VerdantPoint Development Corp (VDC)	38,830,492	78,694,680	59,305,170	53,717,953
Earth Prosper Corporation (EPC)	-		1,330,131	1,329,983
Kaiser Realty Devt Corporation (KRDC)	-		1,071,231	1,164,566
One Asia Development Corporation (OADC)	-		-	329,896
Earth Aspire Corporation (EAC)	-		1,766,370	1,766,370
EDC – ESC	-		535,530	252,917
First Advance Development Corp (FADC)	-		1,719,977	1,838,841
Total	**39,361,055**	**82,111,052**	91,587,644	87,163,392
Less: Allowance for Impairment			27,873,800	23,056,884
Ending Balances			**63,713,844**	**64,106,508**

The outstanding balances are shown as Contracts receivable under Trade and Other Receivables account in the balance sheets.

The composition of the outstanding balances is as follows:

	2010 Trade Receivables	2010 Retention Receivables	2010 Total	2009 Trade Receivables	2009 Retention Receivables	2009 Total
EDC	9,238,808	858,538	10,142,346	9,992,747	858,538	10,851,285
ADC	9,069,554	1,461,900	10,531,454	9,083,133	1,643,013	10,726,146
VDC	53,122,789	6,182,382	59,305,171	47,206,603	6,511,350	53,717,953
ESC	476,564	4,708,870	5,185,434	476,563	4,708,870	5,185,433
EPC	599,055	731,076	1,330,131	598,907	731,076	1,329,983
KRDC	1,071,231	0	1,071,231	1,164,566	0	1,164,566
OADC	0	0	0	47,535	282,362	329,897
EAC	1,366,252	400,118	1,766,370	1,366,252	400,119	1,766,371
EDC-ESC	252,915	282,615	535,530	252,917	0	252,917
FADC	1,719,977	0	1,719,977	1,838,841	0	1,838,841
Total	**76,962,145**	**14,625,499**	**91,587,644**	**72,028,064**	**15,135,328**	**87,163,392**
Impairment	(19,517,132)	(8,356,668)	(27,873,800)	(15,641,381)	(7,415,503)	(23,056,884)
Ending Balance	**57,445,013**	**6,268,831**	**63,713,844**	**56,386,683**	**7,719,825**	**64,106,508**

Relative to the construction contracts, the related parties made certain advances to be applied to the progress billings of the Company. Outstanding liabilities to the related parties as of December 31, 2010 and 2009, shown as Advances from customers under the Trade and Other Payables account in the balance sheets, amounted to P3.2M and P5.3M, respectively.

The Company grants non-interest-bearing advances to related parties other than officers and directors for working capital requirements and other purposes, as shown below:

	2010	2009
Advances to related parties under common stockholders:		
Balance at beginning of year	P 15,738,796	P 13,580,311
Additions	-	2,248,688
Write-off	-	(40,203)
Repayments	(1,959,238)	(50,000)
Balance at end of year, shown as Due from Related Parties	P 13,779,558	P 15,738,796
Allowance for impairment	(8,481,536)	(5,536,552)
Balance at year end	P 5,298,022	P 10,202,244
Advances from related parties under common stockholders	P 39,245	P 39,245

Due from Related Parties are shown as part of Trade and Other Receivables while the advances from related parties under common stockholders are recorded as part of Trade and Other Payables in the balance sheets under Miscellaneous Payables account.

Certain officers, directors and stockholders of these related parties purchased shares of stock of the Company through the Company's IPO. These shares were fully paid as of Record Date.

Disagreement with Directors

No director has resigned or declined to stand for re-election to the board of directors since June 24, 2009, the date of the last annual meeting of stockholders, because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Compensation of Directors and Executive Officers

Summary Compensation Table

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 2006, 2007 and 2008 (estimate only).

Name and Principal Position	Year	Salary (₱)	Bonus (₱)
Enrique Cunanan, ADGM-Finance/Admin Engr. Fernando Mamuyac, ADGM-Operations Engr. Ferdinand Soliman, GM-Operations	2009 (actual)	2,606,589	Nil
	2010 (actual)	1,143,271	Nil
	2011 (estimate)	950,000	Nil
All Directors and Officers as a Group Unnamed	2009 (actual)	2,616,589	Nil
	2010 (actual)	1,143,271	Nil
	2011 (estimate)	960,000	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.

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.

Independent Public Accountants

For the five (5) most recent fiscal years, the Company's independent public accountant has been Punongbayan & Araullo (P&A) and will be re-nominated for election as such for the current year. From 2001 to 2003, Mr. Benjamin P. Valdez was assigned as engagement partner. For 2004, the Company's account was assigned to Mr. Angel A. Aguilar Jr. For 2005, the account was assigned to Mr. Juan Carlos B. Robles and starting 2006, the account was assigned to Ms. Mailene Sigue-Bisnar. Representatives of P&A are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

The current handling partner of Punongbayan & Araullo has been engaged by the Company for the fiscal year 2010 and is expected to be rotated every five (5) years.
The members of the Audit Committee are Maila Paredes, an Independent Director, as Chairman, and Wilfredo Uy and Mylene Lim as members.

External Audit Fees and Services

	2010	2009
Audit and Audit-Related Fees	320,000	320,000
Tax Fees	- nil -	- nil -
All Other Fees	- nil -	- nil -

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

There was no event where P&A and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope or procedure.

FINANCIAL AND OTHER INFORMATION

The Registrant incorporates by reference (SEC Form 17-A) the Annual Report containing the financial reports of the company as of December 31, 2010, and other related information. Also, incorporated by reference (SEC Form 17-Q) the Interim Financial Statements as of March 31, 2011 and other related information.
This will be mailed to stockholders together with this Information Statement and copies of the Minutes of the June 30, 2010 Annual Stockholders' Meeting

OTHER MATTERS

Action with Respect to Reports

The Chairman/President of the Company will render a report on the Company's operations and refer to the Company's audited financial statements as of and for the year ended December 31, 2010. The stockholders will be required to approve the report of the Chairman/President and the audited financial statements as of and for the year ended December 31, 2010.

Matters Not Required to be Submitted

There are no matters that are not required to be submitted to a vote of stockholders.

Other Proposed Action

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business, with those of significance are covered by appropriate disclosures such as: membership in the relevant committees such as the Audit Committee and the Remuneration and Compensation Committee, designation of authorized signatories, financing activities, and appointments in compliance with corporate governance policies.

Management reports which summarize the acts of management for the year 2010, are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereof.

Voting Procedures

1. Votes required

Proposed Corporate Action	No. of Votes Required
Election of the members of the Board of Directors	Seven (7) candidates receiving the highest number of votes shall be declared elected
Approval of Financial Statements and Annual Report	Majority of the outstanding common shares
Ratification of all acts of Board and Management	Majority of the outstanding common shares
Appointment of Auditor	Majority of the outstanding common shares

2. Method of counting

   Prior to the Annual Stockholders' Meeting, proxy forms are sent out together with the Notice of Annual Stockholders' Meeting with Agenda and are required to be submitted to the Corporate Secretary for validation and for authorization set forth on certain items included in the proxy form. During the registration and before the meeting starts, the attendees are required to sign up on a list where their respective shares are displayed so a determination can be made right away as to quorum purposes and what percentage of the total and outstanding shares was in favor or not with respect on a certain matter discussed. Votes of stockholders present are counted by identifying raised hands for yes or no for certain matters to be acted upon.

   Counting of votes will be done by the Corporate Secretary or his authorized representative with the assistance of representatives of the stock transfer agent of the Company, Securities Transfer Services, Inc.

PART II

Identification

The enclosed proxy is solicited by the Registrant for use in voting at the annual stockholders' meeting. The Chairman of the Board of Directors or, in his absence, the designated Chairman in the Meeting will vote the proxies at the annual stockholders' meeting on Wednesday, June 29, 2011.

The information statement and this proxy shall be sent through mail starting June 8, 2011. Duly executed proxies may be returned either by mail, fax or by hand at the company's mailing address. Proxies must be received on or before June 27, 2011 5:00 pm.

Instructions

This proxy must be dully accomplished by the stockholder of record as of May 31, 2011, the Record Date. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the corporate secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a corporate secretary's certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy.

Duly accomplished proxies shall be submitted to the Corporate Secretary of the Company not later than Monday, June 27, 2011 at the following address:

Attention: Ferdinand Soliman
The Corporate Secretary
Supercity Realty Development Corporation
Unit 1223 City & Land Mega Plaza, ADB Ave. Corner Garnet Rd. Ortigas Center, Pasig City

In case of shares of stock owned jointly by two or more persons, the consent of all co-owners must be necessary for the execution of the proxy. For persons owning shares in an "and/or" capacity, any one of them may execute the proxy

The last day of the validation of proxies will be the day before the date of the annual stockholders' meeting. The validation shall be done by the Corporate Secretary and/or the Company's Stock Transfer Agent at the Company's registered office address. As part of the validation process, the proxy statement should have a valid control number which will be used to verify the authenticity of the proxy form, it must be properly dated, executed, signed and returned by the stockholder thru mail, fax or by hand at the Company's mailing address. Proxies must be received on or before June 27, 2011 5:00 pm. Furthermore, the manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20(11)(b).

Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the Chairman of the Board of Directors, or in his absence, the designated Chairman of the meeting, as his proxy in the annual stockholders' meeting to be held on June 29, 2011.

If the number of shares of stock is left blank, the proxy shall be deemed to have been issued for all the stockholder's shares of stock in the Corporation as of Record Date.

Every stockholder voting in the election of directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares held by such stockholder, or distribute the stockholder's votes on the same principle among as many candidates as the stockholder may select, provided that votes cannot be cast for more candidates than the number of directors to be elected. However, no stockholder shall be entitled to cumulate votes unless the candidate's name has been placed in the nomination prior to the voting and the stockholder, or any other stockholder, has given notice at the meeting prior to the voting of the intention to cumulate the stockholder's votes. On all other matters, each share has one vote.

When proxy are properly dated, executed and returned, the shares they represent will be voted at the annual meeting in accordance with the instructions of the stockholder. If no specific instructions are given, the shares will be voted FOR the election of the nominees for directors and independent directors,FOR the Approval of the Minutes of the Previous Meeting of Stockholders,FOR the Approval of the Financial Statements and Annual Report, FOR the Ratification of All Acts of Board and Management, and FOR the Appointment of Punongbayan & Araullo as Auditor. In addition, if other matters come before the annual meeting, the persons named in the accompanying form of proxy will vote in accordance with their best judgment with respect to such matters.

Revocability of Proxy

A stockholder who shall sign and return the proxy accompanying this form will have the power to revoke it before it is voted on the stockholder's meeting upon the written notice to the Corporate Secretary, Ferdinand Soliman, and upon proper verification thereof.

Person Making the Solicitation

The solicitation of proxies is made by the registrant company. No one among the directors intends to oppose any action intended to be taken by the registrant.

Solicitation shall be done through the use of mail and the cost is estimated to be in the amount of P12,000. The cost of solicitation will be for the account of the Registrant. Incidental solicitation in person or by telephone may also be made by directors, officers and employees of the Registrant for which they will receive no additional compensation.

Interest of Certain Persons in Matters to be Acted Upon

The Registrant's directors, executive officers, nominees to such positions and their associates do not have any substantial interest, direct or indirect, in any matter to be acted upon, other than election to office.

PLEASE FILL UP AND SIGN THIS PROXY AND RETURN IMMEDIATELY TO THE CORPORATE SECRETARY. A RETURN ENVELOPE IS PROVIDED FOR YOUR CONVENIENCE.

Control No: 001

SUPERCITY REALTY DEVELOPMENT CORPORATION

STOCKHOLDER PROXY

The undersigned hereby appoints the Chairman of the Board or in his absence, the Chairman of the Meeting , with full power of substitution and delegation, as the proxy of the undersigned, to represent and vote all of the common shares of stock of the undersigned at the Annual Stockholders' Meeting of the Company to be held on **June 29 2011 (the "Annual Stockholders Meeting") at** ______________________________ ____ , and at any and all adjournments or postponements thereof, for the purpose of acting on the proposals enumerated below:

The proxy shall vote subject to the instructions indicated below and the proxy is authorized to vote in his discretion upon other business as may properly come before the Annual Stockholders' Meeting and any adjournments or postponements thereof.

PROPOSALS AND VOTING INSTRUCTIONS

I. Election of Directors

The nominees for election as directors are:

1. Wilfredo Uy	4. Rossana Gallega	7. Jean Cestina*
2. Ferdinand Soliman	5. Noric Terence Ng	8. ____________
3. Mylene Lim	6. Maila Paredes*	9. ____________

* Independent Director

FOR ALL ❑ WITHHOLD FOR ALL ❑ EXCEPTIONS ❑

Exceptions: ____

1. ____________	4. ____________	6. ____________
2. ____________	5. ____________	7. ____________
3. ____________		

Instructions:

1. The holder of common shares of stock may withhold authority to vote for any or some nominee(s), by marking the exception box and writing the name(s) of such nominee(s) on the space provided above. If the stockholder designates exception(s), the number of shares to be distributed to each of the remaining nominees must be indicated on the spaces provided above.
2. The holder of common shares of stock can either (a) vote for all the nominees, in which case the stockholders' total votes will be split and cast equally among the nominee(s); (b) withhold his vote for all the nominees; or (c) vote only for some and not all of the nominees, in which case the stockholder's total votes will be distributed and cast as indicated by the stockholder in the spaces provided above. If the stockholder does not indicate the number of shares to be distributed to the remaining nominees who are not named on the space for Exceptions above, then the stockholder's total votes will be split and cast equally among the remaining nominees. The total number of votes which a stockholder may cast is equal to seven (7) times the number of common shares of stock held as of the Record Date.

II. Approval of the Minutes of the Previous Meeting of Stockholders

FOR ❑ AGAINST ❑ ABSTAIN ❑

III. Approval of the Financial Statements and Annual Report

FOR ❑ AGAINST ❑ ABSTAIN ❑

IV. Ratification of All Acts of Board and Management

FOR ❑ AGAINST ❑ ABSTAIN ❑

V. Appointment of Punongbayan & Araullo as Auditor

FOR ❑ AGAINST ❑ ABSTAIN ❑

____
(Signature Over Printed Name)

Date: ______________________

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE JUNE 28, 2010, THE DEADLINE FOR SUBMISSION OF PROXIES.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESS HIS INTENTION TO VOTE IN PERSON. THIS PROXY SHALL BE VALID AND REMAIN TO BE IN FULL FORCE AND EFFECT UNLESS REVOKED THROUGH NOTICE IN WRITING DELIVERED TO THE CORPORATE SECRETARY A DAY BEFORE THE SCHEDULED MEETING.

The solicitation of proxies is made by the Registrant. No one among the directors intends to oppose any action intended to be taken by the Registrant. The solicitation is not subject to paragraph 9 of SRC Rule 20. The Company will bear the cost of the printing and mailing this proxy statement and other materials furnished to the stockholders in connection with proxy solicitation which shall not exceed P12,000.00
Last day of validation will be the day before the annual stockholders' meeting. The Corporate Secretary and/or the Company's Stock Transfer Agent is in charge of the validation process. The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20(11)(b).

Also there is no substantial interest, directed or indirect, by security holdings or otherwise, of each of the following in any matter to be acted upon, other than election to office.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 16 May 2011.

SUPERCITY REALTY DEVELOPMENT CORPORATION
Issuer

MR. FERDINAND SOLIMAN
Corporate Secretary

MR. ENRIQUE CUNANAN
Compliance-Information-Officer

May 16, 2011

UNDERTAKING TO PROVIDE COPIES OF THE ANNUAL REPORT

UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:

FERDINAND SOLIMAN
THE CORPORATE SECRETARY
SUPERCITY REALTY DEVELOPMENT CORPORATION
UNIT 1223 CITY & LAND MEGA PLAZA BUILDING
CORNER GARNET RD. ADB AVE. ORTIGAS CTR. PASIG CITY

CERTIFICATION OF INDEPENDENT DIRECTORS

I, JEAN CESTINA, Filipino, of legal age and a resident of # 13 Guava St., Town and Country Executive Village, Antipolo City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Supercity Realty Development Corporation.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Ong, Ordonez & Associates	Administration Head	November 1999 to present
One Commune Dev. Corp.	Corporate Secretary	June 2006 to present

3. I posses all the qualifications and none of the disqualifications to serve as an Independent Director of Supercity Realty Development Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Supercity Realty Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 23 2011 day of ________ at, CITY OF MANILA

Affiant

SUBSCRIBED AND SWORN to before me this MAY 23 2011 day of ______________ at __________________, affiant personally appeared before me and exhibited to me his/her Tax Identification No. 131-252-698

Doc. No. 17
Page No. 37
Book No. 113
Series of 11

ATTY. EDITHA P. TALABOC
Notary Public
Until Dec. 31, 2011
PTR No. 9238968 / Jan. 03, 2011
IBP No. 796716 / Roll No. 43135
ISSUED AT CITY OF MANILA

CERTIFICATION OF INDEPENDENT DIRECTORS

I, MAILA PAREDES, Filipino, of legal age and a resident of Unit C Blk 9 Lot 2 Neptune St., Carrieland Countryhomes, Ampit 1, San Mateo, Rizal, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Supercity Realty Development Corporation.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Ong, Ordonez & Associates	Partner	June 6, 2005 to present

3. I posses all the qualifications and none of the disqualifications to serve as an Independent Director of Supercity Realty Development Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Supercity Realty Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this ______ day of MAY 23 2011 at, CITY OF MANILA.

Affiant

SUBSCRIBED AND SWORN to before me this MAY 23 2011 day of ______ at CITY OF MANILA, affiant personally appeared before me and exhibited to me his/her Tax Identification No. 129-434-883

Doc. No. 186
Page No. 37
Book No. 113
Series of 11

ATTY. EDITHA P. TALABOC
Notary Public
Until Dec. 31, 2011
PTR No. 9238968 / Jan. 03, 2011
IBP No. 796716 / Roll No. 43135
ISSUED AT CITY OF MANILA

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, 2010
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, 2010**

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 24 years experience in the field of construction, planning and design, (b) Mylene Lim, an architect who has more than twelve (16) years 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 19 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, 2010, 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

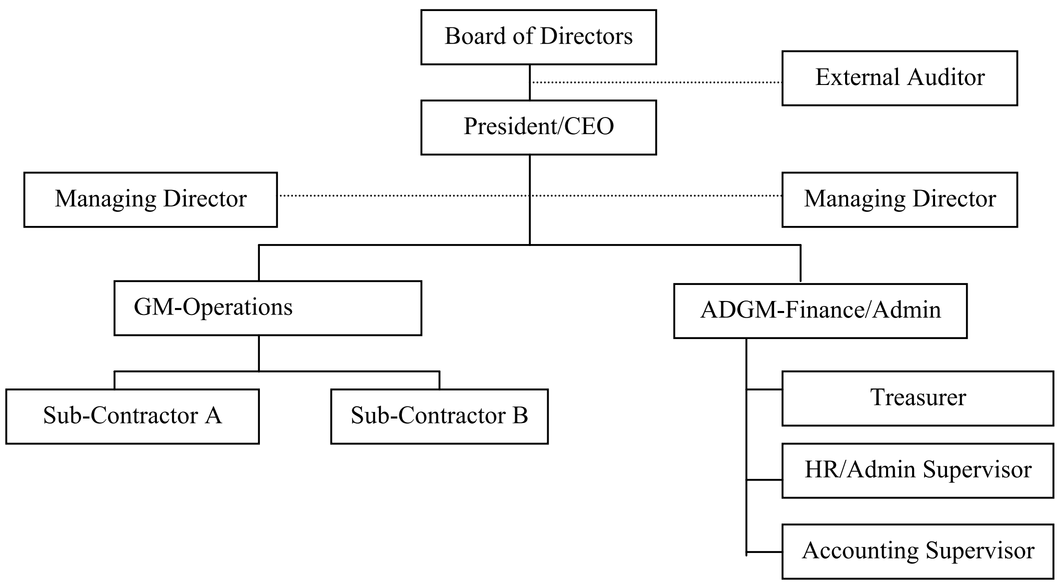
We are a leading construction company engaged in mass housing business providing total customer satisfaction using innovative and cost effective technology with the timely delivery of quality products and services.

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.

<u>Operations</u>

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 2010 are presented in the chart below.

Services	**Amount**	**%**
Housing	4,771,489	12.12
Land Development	34,589,566	87.88
Specialty/Miscellaneous Works	-	-
Total	**39,361,055**	**100%**

Markets

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.

Distribution Methods of Products and Services

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 2010, the Company has been contracted to do the following construction works:

PROJECT NAME	LOCATION	AMOUNT
Eastwood Greenview	Montalban, Rizal	16,179,714
Eastwood Residences	Montalban, Rizal	4,240,926
Green Breeze	Montalban, Rizal	18,940,415
Total		39,361,055

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, 2010, 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.

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) FAMEC Engineering, (j) E. Bolivar Construction, (k) Gazam Trading, (l) W.C. Fuerte Construction, (m) Red Carmel Construction, and (n) MMJF Buiilders and Trading

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, 2011, 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, 2003:

Quarter	High	Low
Jan – March 2007	2.20	1.32
Apr – June 2007	1.32	1.32
July – Sept 2007	1.32	1.32
Oct – Dec 2007	1.32	1.32
Jan – March 2008	1.32	1.32
Apr – June 2008	1.32	1.32
July – Sept 2008	1.32	1.32
Oct – Dec 2008	1.32	1.32
Jan – March 2009	1.32	1.32
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
Last practicable trading date April 28, 2011	**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 28, 2011 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**	
	2010	**2009**
Income Statement Data		
Revenues	39,361	82,111
Cost and Expenses	38,769	83,189
Income/(loss) From Operations	630	(463)
Net/(loss) Income	(6,503)	(25,356)
Balance Sheet Data		
Current Assets	89,707	98,175
Property and Equipment	5	5
Investment Property	-	-
Total Assets	89,810	98,277
Total Liabilities	24,899	26,863
Stockholders' Equity	64,911	71,414
Per Share Data		
Earnings (Loss) per Share*	(0.059)	(0.231)
Book Value per Share**	0.59	0.65

* 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, 2009, the defined benefit obligation recognized in the books amounted to P742,397 as compared to the P555,637 balance as of December 31, 2008. The increase is due to the accrual of obligation pertaining to the year 2009.

PROJECT NAME	LOCATION	AMOUNT
Eastwood Greenview	Rodriguez, Rizal	16,179,714
Eastwood Residences	Rodriguez, Rizal	4,240,926
Green Breeze	Rodriguez, Rizal	18,940,415
Total		39,361,055

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 8.62.74% from P 98.28M in 2009 to P 89.81M in 2010. The decrease was due to the impairment of some financial assets, collections of receivables and retirement of other assets. However, there was an increase in other current assets account due to the increase in the amount of Creditable Withholding Taxes as the Company was not able to apply thereof due net loss.

Liquidity

Current ratio decreased from 3.76:1 in 2009 to 3.67:1 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 0.384:1 in 2010 and 0.386:1 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.

2009 Performance

Revenues

In 2009, the Company generated P82.1M contract revenues, 7.83% lower than previous year revenue of P89.1M. Forty and 43/100 percent (40.43%) of the total revenues came from housing projects, 46.39% from land development works and 13.18% from specialty works. A large portion of the revenues came from the Eastwood Residences project in Rodriguez, Rizal and Green Breeze project also in Rodriguez, Rizal. Total revenues generated from these projects amounted to P 74.444M or 90.65% of the total revenues. The contribution of the other projects are as follow: P 3.42M (4.16%) from Eastwood Greenview in Rodriguez, Rizal; and P 4.26M (5.19%) from Centella Homes in Rodriguez, Rizal. All of these projects are combination of land development, housing and specialty construction contracts.

Gross Profit

Gross profit from construction contracts amounted to P8.10M, 24.20% lower than the previous year's P10.69M. Related to this, the gross profit ratio decreased from 12% to 10%. This is due to the increase of cost of outside services. However, due to stiff competition, the company could not increase its contract price to offset such increase. In 2009, the company also generated lower revenue compared from previous year.

Cost and Expenses

Costs and expenses decreased by 7.64% from P 90.1M in 2008 to P 83.19.1M in 2009. The decrease in cost, particularly for the materials, labor and overhead costs that are variable in nature, was brought about by the decrease in the revenue in 2009. Administrative expenses decreased from P 8.91M in 2008 to P 5.39M in 2009 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 2009.

Financing costs increased from P5.46M in 2008 to P 12.01M in 2009. The increase was caused by the recognition of impairment loss on Company's financial assets particularly on trade and other receivables accounts.

Other Gains - net

Other Gains-net decreased from P2.87M in 2008 to none in 2009. The 2008 figure was derived from the gain on curtailment on retirement obligation and on the gain on sale of property and equipment.

Income (Loss) from Operations

Income (Loss) from operations amounted to (P0.46M) and (P0.85M) in 2009 and 2008, respectively. Operating margin (loss) likewise decreased to (0.56%) in 2009 from (0.95%) in 2007. These losses 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.

Net Income (Loss)

As a result of the foregoing, the company incurred a net loss of P 25.36M in 2009 compared to a net loss of P17.58 in 2008. Correspondingly, net income (loss) ratio is (30.88%) and (19.73%) in 2009 and 2008, respectively. Earnings (Losses) per share likewise increased from (P 0.160) in 2008 to (P0.231) in 2009.

Total Assets

Total assets decreased by 41.50% from P 153.52M in 2008 to P 89.81M in 2009. The decrease was due to sale of land investment and the derecognition of deferred tax assets in 2009. Moreover, the decrease in volume of works and awarding to sub-contracts on a straight contract basis resulted to decrease in inventory. Also, there was a decrease in the net amount of Property and Equipment account due to sale and recognition of depreciation while there was no acquisition made during the year. However, there was an increase in other current assets account due to the increase in the amount of Creditable Withholding Taxes as the Company was not able to apply thereof due net loss. Also, trade and other receivables increased due to the increase in trade receivable accounts.

Liquidity

Current ratio increased from 2:10:1 in 2008 to 4.08:1 in 2009. This can be attributed to the decrease in the current liability account particularly the deposit from buyer account which was reversed due to recognition of sale of land investment.

Leverage

The Company posted a debt-to-equity ratio of 0.38:1 in 2009 and 0.59:1 leverage ratio in 2008. The decrease can be attributed to the decrease of retained earnings due to the net loss incurred in the given year.

2008 Performance

Revenues

In 2008, the Company generated P89.1 contract revenues, 45.57% lower than previous year revenue of P163.7M. Fifty eight and 4/100 percent (58.04%) of the total revenues came from housing projects, 41.16% from land development works and 0.08% from specialty works. A large portion of the revenues came from the Eastwood Greenview project in Rodriguez, Rizal and Mabuhay City project in Cabuayo, Laguna. Total revenues generated from these projects amounted to P 52.04M or 59% of the total revenues. The contribution of the other projects are as follows: P 14.28M (16%) from Centella Homes in Rogriguez, Rizal; P 11.43M (13%) from Jubilation New Binan, in Binan, Laguna; P 8.59M (10%) from

West Ridge Lane in Dasamarinas, Cavite; and small contracts were done for Parkplace Village in Imus, Cavite and for Ciudad Nuevo in Naic, Cavite projects which accounts to 2%. All of these projects are combination of land development, housing and specialty construction contracts.

Gross Profit

Gross profit from construction contracts amounted to P10.7M, 28.09% lower than the previous year's P14.9M. Related to this, the gross profit ratio improved from 9.08% to 12.00%. Though the company was successfully able to improve its gross profit ratio but due to stiff competition, the company generated lower revenue in the year 2008.

Cost and Expenses

Costs and expenses decreased by 17.71% from P 180.6M in 2007 to P 90.1M in 2008. The decrease in cost, particularly for the materials, labor and overhead costs that are variable in nature, was brought about by the decrease in the revenue in 2008. Administrative expenses decreased from P 25.5M in 2007 to P 8.9M in 2008 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 2008.

Financing costs decreased from P13.8 in 2007 to P 5.5M in 2008. The decrease was caused by the lower recognition of impairment loss on Company's financial assets and the payment of the bank loan in the month of November, 2008 which resulted to lower interest expense for the year 2008.

Other Gains - net

Other Gains-net increased from P .15M in 2007 to P 3.00M in 2008. The increase can be attributed to the gain on curtailment on retirement obligation and on the gain on sale of property and equipment.

Income from Operations

Income from operations in 2008 amounted to P 2.02M and in 2007, it had an operating loss amounting to P 16.73M. Operating margin likewise increased to 2.27% in 2008 from -10.22% in 2007. The operating income in 2008 can be attributed to the recognition on curtailment on retirement obligation and the gain on sale of property and equipment. Moreover, the decrease in manpower which resulted to lower overhead cost contributed to the increase in income from operation.

Net Income

As a result of the foregoing, the company incurred a net loss of P 17.58M in 2008 compared to a net loss of P22.99M in 2007 and a net income of P 0.35M in 2006. Correspondingly, net income ratio is -19.73% in 2008, -14.05% in 2007 and 0.16% in 2006. Earnings per share likewise decreased from P 0.0032 in 2006 to (P 0.209) in 2007 and (P0.160) in 2008.

Total Assets

Total assets decreased by 17.02% from P 185.0M in 2007 to P 153.5M in 2008. The decrease was due to lower accounts receivable trade balance at the end of year 2008 where collections of retention and receivables were made. Furthermore, the decrease in volume of works resulted to lower inventory at the end of the year since the company reduced its buffer stock. Likewise, advances to suppliers decreased due to liquidation thereof through the deliveries of materials. Also, there was a decrease in the net amount of Property and Equipment account due to sale and recognition of depreciation while there was no acquisitions made during the year. However, there was an increase in prepayment and other current assets account due to the increase in the amount of Creditable Withholding Taxes as the Company was not able to apply thereof due net loss. The deferred tax asset account and the Investment Property accounts decreased due to recognition of impairment loss.

Liquidity

Current ratio increased from 1.91:1 in 2008 to 2:10:1 in 2008. This can be attributed to the decrease in the current liability account particularly the interest-bearing loan which was fully settled in the year 2008.

Leverage

The Company posted a debt-to-equity ratio of 0.58:1 in 2008 and 0.62:1 leverage ratio in 2007. The decrease can be attributed to the decrease of retained earnings due to the net loss incurred in the given year.

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, negative ROI of 5.9% was incurred.

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, and 2010 it improved to 22.88, 220.6 and 7,582 times, respectively, merely due to the decrease in the ending balance of the fixed asset account despite of the decrease in revenue.

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, 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 3.76:1 and 3.67:1, respectively. This can be attributed to the decrease in the current assets accounts such as trade receivables and advances to contractors and suppliers.

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, 0.38:1 and 0.38:1 deft-to-equity ratios were posted, respectively. With the most recent debt-to-equity ratio, creditors are still fully covered.

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:

Account Title	*As Of* 31-Dec-10	31-Dec-09	Inc/(Dec) Amount	%	Remarks
Cash & cash equivalents	**811,259**	**2,875,110**	**(2,063,851)**	**-72%**	**Decrease in cash was due to the placement of some cash to held-to-maturity investment**
Trade and other receivables	**69,011,866**	**75,070,155**	**(6,058,289)**	**-8%**	**Decrease was due to the collections of receivables from related parties and recognition of impairment of financial assets**
Held-to-maturity investment	**2,007,440**	**0**	**2,007,440**	**100%**	**Some cash were placed to held-to-maturity investment**
Other current assets	**17,876,635**	**20,230,127**	**(2,353,492)**	**-12%**	**The decrease was due mainly to the recoupment of advances to contractors against their billings**
Property and equipment - net	**5,481**	**4,902**	**579**	**12%**	**This increase was due to acquisition of computer monitor**
Trade and other payables	**23,971,977**	**25,299,818**	**(1,327,841)**	**-5%**	**This can be attributed to the decrease in the current liability accounts such as advances from clients, trade payables, retention payables and accrued expenses.**
Provision for repairs	**473,678**	**821,111**	**(347,433)**	**-42%**	**The decrease is due to the lesser contracts completed in 2010 as compared to 2009 as this account is recognized based on percentage of the contract accomplished.**
Retirement Obligations	**452,899**	**742,397**	**(289,498)**	**-39%**	**The decrease was due mainly to the decrease in manpower**
Retained Earnings(deficit)	**(46,598,596)**	**(40,095,755)**	**(6,502,841)**	**16%**	**Due to net loss incurred as explained in details under Management Discussion on Income from Operations and Net Income**

Income Statement Items:

Account Title	**For the Year Ending** 31-Dec-10	31-Dec-09	**Inc/(Dec)** Amount	%	**Remarks**
Contract Revenue	**39,361,055**	**82,111,052**	**(42,749,997)**	**-52%**	**Lesser contracts were awarded in 2010 due to stiff competition**
Contract Cost	**34,975,785**	**74,006,934**	**(39,031,149)**	**-53%**	**The decrease was due to the lower revenue as this account is variable in nature**
Administrative Expenses	**2,452,226**	**5,393,087**	**(2,940,861)**	**-55%**	**Decrease mainly on the salaries and related cost accounts due to the decrease in manpower**
Other operating expenses	**1,340,935**	**3,789,015**	**(2,448,080)**	**-65%**	**Decrease was due to lower repair cost incurred pertaining to old projects made; also there was no representation and entertainment expense made in 2010**
Other operating income	**38,393**	**615,296**	**(576,903)**	**-94%**	**The 2009 includes the recognition of forfeiture income on retention fees from sub-contractors**
Finance Cost	**7,761,900**	**12,012,093**	**(4,250,193)**	**-35%**	**This pertains to the recognition of impairment loss on financial assets of the company**

Other income	**289,498**	**0**	**289,498**	**100%**	**This pertains to the gain on curtailment on retirement obligation due to the decrease in manpower**
Finance income	**438,455**	**261,107**	**177,348**	**68%**	**The increase pertains to income from investment**
Other Losses	**0**	**1,370,889**	**(1,370,889)**	**-100%**	**Losses in 2009 pertains to the loss on the sale of construction materials**
Tax Expense	**99,396**	**11,771,923**	**(11,672,527)**	**-99%**	**In 2009, the Company derecognition portion of its deferred tax assets.**
Net Income(loss)	**(6,502,841)**	**(25,356,486)**	**18,853,645**	**-74%**	**The derecognition of deferred tax assets and impairment loss were the major contributors of this account**

Item 7. Financial Statements

Included in this report are the audited Comparative Financial Statements of the Company for the years ended December 31, 2008, 2009 and 2010.

Item 8. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

	2010	2009
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, 2010, 2009 and 2008, 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:

Wilfredo C. Uy, 45, *Chairman and President*. Mr. Uy is a Filipino citizen, and is a member of the board since the Company's incorporation and became Corporate Treasurer in January 2002. He graduated from the De La Salle University in 1987 with a Bachelor of Science degree in Commerce, major in Accounting. He is a Certified Public Accountant (CPA) and worked as such since 1988. Being a CPA, he was elected to become a member of the Audit Committee in June 2004. He is also a partner of Ong, Ordoñez & Associates; Director of Great Asia Lighting Inc.; Treasurer of J. Drew Group Inc., Lutong Macao Group Inc., and Aristocrat Transportation Inc.; and Corporate Secretary of Infinity Knitcraft Inc.

Ferdinand Z. Soliman, 48, *Managing Director and Corporate Secretary*. 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.

Mylene T. Lim, 47, *Managing Director and Assistant Corporate Secretary*. 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, 36, *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.

Maila M. Paredes, 41, *Independent Director*, Ms. Paredes is a Filipino citizen. She was elected as a member of the Board during the June 2004 Annual Stockholders' Meeting. A Cum Laude graduate from the Polytechnic University of the Philippines with a Bachelor of Science degree in Accountancy, she currently works in the public practice. She passed the Certified Public Accountant Licensure Examination in 1991. She was formerly connected with Sycip Gorres Velayo & Co. as Auditor from 1991 to 1996 and with Extraordinary Development Corporation as Audit Manager from 1996 to 2002. With her accounting and audit experience, she was elected to become a member of the Nomination Committee during the June 29, 2005 Organizational Meeting of the BOD and to chair the Audit Committee. She held the position of Audit Chairperson since June 30, 2004.

Jean Cestina, 40, *Independent Director*, Ms. Cestina is a Filipino citizen. She was elected as an independent director during the June 2005 Annual Stockholders' Meeting. She graduated from the College of the Holy Spirit in 1991 with a Degree of Bachelor of Science in Commerce Major in Accounting. She gained her 15 years experience in the accounting profession through her work in various companies such as Legaspi Import & Export Inc., Saisho Denshi Inc. and Extraordinary Development Corporation. She currently works as Accounting Manager in Ong Ordoñez & Associates Inc, an accounting and auditing firm. Concurrently, she is a stockholder of Certrain Inc., a computer training company and Auguste Manufacturing Inc., a jewelry manufacturer.

Fernando Mamuyac, 46, 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 10 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 next annual stockholder's meeting shall be held on June 29, 2011.

Principal Officers

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

Ferdinand Z. Soliman, 48, *General Manager-Operations,* heads the Operations unit. Mr. Soliman 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.

Enrique C. Cunanan, 42, 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.

Family Relationships

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

Involvement in Certain Legal Proceedings

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 2009, 2010 and 2011 (estimate only).

Summary Compensation Table:

Name and Principal Position	Year	Salary (₱)	Bonus (₱)
Enrique Cunanan, ADGM-Finance/Admin Engr. Fernando Mamuyac, ADGM-Operations Engr. Ferdinand Soliman, GM-Operations	2009 (actual)	2,606,589	Nil
	2010 (actual)	1,143,271	Nil
	2011 (estimate)	950,000	Nil
All Directors and Officers as a Group Unnamed	2009 (actual)	2,616,589	Nil
	2010 (actual)	1,143,271	Nil
	2011 (estimate)	960,000	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.

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, 2010, 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 is 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 a Managing Director and the Corporate Secretary of the Company.

Security Ownership of Management

As of December 31, 2010 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	Wilfredo Uy	18,000,000	Direct	Filipino	16.36
Common	Mylene Lim	10,850,000	Direct	Filipino	9.86
Common	Ferdinand Soliman	7,150,000	Direct	Filipino	6.50
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	39,035,001			35.45

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 significant transactions of the Company in the normal course of business with related parties are described below:

The Company renders construction services for certain real estate projects of companies under common stockholders. The breakdown of the construction services rendered and the outstanding balances are as follows:

	Amount of Transactions		**Outstanding Balances**	
	2010	**2009**	**2010**	**2009**
Extraordinary Development Corp (EDC)			10,142,346	10,851,286
Acerhomes Development Corporation (ADC)	530,563	3,416,372	10,531,454	10,726,146
Earth + Style Corporation (ESC)			5,185,434	5,185,434
VerdantPoint Development Corp (VDC)	38,830,492	78,694,680	59,305,170	53,717,953
Earth Prosper Corporation (EPC)	-		1,330,131	1,329,983
Kaiser Realty Devt Corporation (KRDC)	-		1,071,231	1,164,566
One Asia Development Corporation (OADC)	-		-	329,896
Earth Aspire Corporation (EAC)	-		1,766,370	1,766,370
EDC – ESC	-		535,530	252,917
First Advance Development Corp (FADC)	-		1,719,977	1,838,841
Total	**39,361,055**	**82,111,052**	91,587,644	87,163,392
Less: Allowance for Impairment			27,873,800	23,056,884
Ending Balances			**63,713,844**	**64,106,508**

The outstanding balances are shown as Contracts receivable under Trade and Other Receivables account in the balance sheets.

The composition of the outstanding balances is as follows:

	2010 Trade Receivables	2010 Retention Receivables	2010 Total	2009 Trade Receivables	2009 Retention Receivables	2009 Total
EDC	9,238,808	858,538	10,142,346	9,992,747	858,538	10,851,285
ADC	9,069,554	1,461,900	10,531,454	9,083,133	1,643,013	10,726,146
VDC	53,122,789	6,182,382	59,305,171	47,206,603	6,511,350	53,717,953
ESC	476,564	4,708,870	5,185,434	476,563	4,708,870	5,185,433
EPC	599,055	731,076	1,330,131	598,907	731,076	1,329,983
KRDC	1,071,231	0	1,071,231	1,164,566	0	1,164,566
OADC	0	0	0	47,535	282,362	329,897
EAC	1,366,252	400,118	1,766,370	1,366,252	400,119	1,766,371
EDC-ESC	252,915	282,615	535,530	252,917	0	252,917
FADC	1,719,977	0	1,719,977	1,838,841	0	1,838,841
Total	**76,962,145**	**14,625,499**	**91,587,644**	**72,028,064**	**15,135,328**	**87,163,392**
Impairment	(19,517,132)	(8,356,668)	(27,873,800)	(15,641,381)	(7,415,503)	(23,056,884)
Ending Balance	**57,445,013**	**6,268,831**	**63,713,844**	**56,386,683**	**7,719,825**	**64,106,508**

Relative to the construction contracts, the related parties made certain advances to be applied to the progress billings of the Company. Outstanding liabilities to the related parties as of December 31, 2010 and 2009, shown as Advances from customers under the Trade and Other Payables account in the balance sheets, amounted to P3.2M and P5.3M, respectively.

The Company grants non-interest-bearing advances to related parties other than officers and directors for working capital requirements and other purposes, as shown below:

	2010	2009
Advances to related parties under common stockholders:		
Balance at beginning of year	P 15,738,796	P 13,580,311
Additions	-	2,248,688
Write-off	-	(40,203)
Repayments	(1,959,238)	(50,000)
Balance at end of year, shown as Due from Related Parties	P 13,779,558	P 15,738,796
Allowance for impairment	(8,481,536)	(5,536,552)
Balance at year end	P 5,298,022	P 10,202,244
Advances from related parties under common stockholders	P 39,245	P 39,245

Due from Related Parties are shown as part of Trade and Other Receivables while the advances from related parties under common stockholders are recorded as part of Trade and Other Payables in the balance sheets under Miscellaneous Payables account.

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, 2010 and 2009
4. Statements of Comprehensive Income for the Years Ended December 31, 2010, 2009, and 2008
5. Statements of Changes in Equity for the Years Ended December 31, 2010 and 2009
6. Statements of Cash Flows for the Years Ended December 31, 2010, 2009 and 2008
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 C. Noncurrent Marketable Equity Securities - (Noncurrent Marketable Equity Securities, Other Long-Term Investments in Stock and Other Investments)
5. Schedule I. Capital Stock
6. Reconciliation of Company Retained Earnings for Dividend Declaration

(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 28, 2011.

By:

WILFREDO UY
Principal Executive Officer

ENRIQUE C. CUNANAN
Principal Accounting Officer

MYLENE T. LIM
Treasurer

FERDINAND Z. SOLIMAN
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of MAY 02 2011 2011affiant(s) exhibiting to me his/their Residence Certificates/TIN, as follows:

NAMES	TIN/RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Wilfredo Uy	117-508-97		
Ferdinand Soliman	015904933	01.13.11	Manila
Mylene Lim	08421356	01.03.11	Pasay City
Enrique Cunanan	001144569	01.12.11	Pasig City

DOC. NO. 15
PAGE NO. 4
BOOK NO. 106
SERIES OF 11

ATTY. EDITHA P. TALABO(
Notary Public
Until Dec. 31, 2011
PTR No. 9238968 / Jan. 03, 2011
IBP No. 796716 / Roll No. 43135
ISSUED AT CITY OF MANILA

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 financial statements for the year(s) ended **December 31, 2010** in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

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

Signed under oath by the following:

MR. WILFREDO UY
Chairman of the Board/President

FERDINAND SOLIMAN
General Manager - Operations

MR. ENRIQUE C. CUNANAN
ADGM-Finance & Admin

APR 28 2011

SUBSCRIBED AND SWORN to before me this _____ day of _______ 2011 affiant(s) exhibiting to me his/their TINs or Residence Certificates, as follows:

NAMES	**TIN / RES. CERT. NO.**	**DATE OF ISSUE**	**PLACE OF ISSUE**
Wilfredo Uy	117-508-97		
Ferdinand Soliman	015904933	01/13/11	Manila
Enrique Cunanan	001144569	01/12/11	Pasig City

Doc. No. 301
Page No. 62
Book No. 104
Series of 2011

ATTY. EDITHA P. TALABOC
Notary Public
Until Dec. 31, 2011
PTR No. 9238968 / Jan. 03, 2011
IBP No. 796716 / Roll No. 43135
ISSUED AT CITY OF MANILA

Report of Independent Auditors

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, 2010 and 2009, 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, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Supercity Realty Development Corporation as at December 31, 2010 and 2009 and of its financial performance and its cash flows for each of the three years in the period ended December 31, 2010 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Company reported a deficit as of December 31, 2010 and 2009 amounting to P46.6 million and P40.1 million, respectively. This condition, along with the other matters as set forth in Note 1, indicate the existence of an uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern. In response to these matters, the Company's management expressed its commitment to ensure profitability and financial stability of the Company through continuation of its construction projects and through intensifying efforts in collecting the outstanding receivables.

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, 2010 required by the Bureau of Internal Revenue on taxes, duties and license fees disclosed in Note 21 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

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 2641862, January 3, 2011, Makati City
Partner's SEC Accreditation No. 0396-AR-1 (until Oct. 19, 2012)
BIR AN 08-002511-20-2009 (until Sept. 15, 2012)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)
Firm's SEC Accreditation No. 0002-FR-2 (until Feb. 1, 2012)

April 12, 2011

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	2010	2009
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	4	**P 811,259**	P 2,875,110
Trade and other receivables - net	5	**69,011,866**	75,070,155
Held-to-maturity investment	6	**2,007,440**	-
Other current assets	7	**17,876,635**	20,230,127
Total Current Assets		**89,707,200**	98,175,392
NON-CURRENT ASSETS			
Other receivables	5	**96,918**	96,918
Property and equipment - net	8	**5,481**	4,902
Total Non-current Assets		**102,399**	101,820
TOTAL ASSETS		**P 89,809,599**	P 98,277,212
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	9	**P 23,971,977**	P 25,299,818
Provision for repairs	3	**473,678**	821,111
Total Current Liabilities		**24,445,655**	26,120,929
NON-CURRENT LIABILITY			
Retirement benefit obligation	14	**452,899**	742,397
Total Liabilities		**24,898,554**	26,863,326
EQUITY			
Capital stock		**110,000,000**	110,000,000
Additional paid-in capital		**1,509,641**	1,509,641
Deficit		**(46,598,596)**	(40,095,755)
Total Equity		**64,911,045**	71,413,886
TOTAL LIABILITIES AND EQUITY		**P 89,809,599**	P 98,277,212

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Amounts in Philippine Pesos)

	Notes	2010	2009	2008
CONTRACT REVENUES	16	**P 39,361,055**	P 82,111,052	P 89,090,829
CONTRACT COSTS	10	**34,975,785**	74,006,934	78,398,821
GROSS PROFIT		**4,385,270**	8,104,118	10,692,008
OPERATING EXPENSES (INCOME)				
Administrative expenses	12	**2,452,226**	5,393,087	8,906,141
Other operating expenses	11	**1,340,935**	3,789,015	2,767,422
Other operating income	11	**(38,393)**	(615,296)	(136,328)
		3,754,768	8,566,806	11,537,235
OPERATING PROFIT (LOSS)		**630,502**	(462,688)	(845,227)
OTHER INCOME (CHARGES)				
Finance costs	13	**(7,761,900)**	(12,012,093)	(5,456,541)
Finance income	4	**438,455**	261,107	185,710
Other income	13	**289,498**	-	2,867,295
Other losses	13	**-**	(1,370,889)	(10,529,469)
		(7,033,947)	(13,121,875)	(12,933,005)
LOSS BEFORE TAX		**6,403,445**	13,584,563	13,778,232
TAX EXPENSE	15	**99,396**	11,771,923	3,802,869
NET LOSS		**6,502,841**	25,356,486	17,581,101
OTHER COMPREHENSIVE INCOME		**-**	-	-
TOTAL COMPREHENSIVE LOSS		**P 6,502,841**	P 25,356,486	P 17,581,101
Loss Per Share	17	**P 0.059**	P 0.231	P 0.160

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Amounts in Philippine Pesos)

	Authorized Shares	Issued and Oustanding Shares	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balance at January 1, 2010	115,000,000	110,000,000	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	**115,000,000**	**110,000,000**	**P 110,000,000**	**P 1,509,641**	**(P 46,598,596)**	**P 64,911,045**
Balance at January 1, 2009	115,000,000	110,000,000	P 110,000,000	P 1,509,641	(P 14,739,269)	P 96,770,372
Net loss for the year	-	-	-	-	(25,356,486)	(25,356,486)
Balance at December 31, 2009	115,000,000	110,000,000	P 110,000,000	P 1,509,641	(P 40,095,755)	P 71,413,886
Balance at January 1, 2008	115,000,000	110,000,000	P 110,000,000	P 1,509,641	P 2,841,832	P 114,351,473
Net loss for the year	-	-	-	-	(17,581,101)	(17,581,101)
Balance at December 31, 2008	115,000,000	110,000,000	P 110,000,000	P 1,509,641	(P 14,739,269)	P 96,770,372

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008
(Amounts in Philippine Pesos)

	Notes	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(P 6,403,445)	(P 13,584,563)	(P 13,778,232)
Adjustments for:				
Impairment loss on trade and other receivables	5, 13	7,761,900	11,971,890	2,964,831
Dividend income	5	(349,101)	-	-
Interest income	4	(89,354)	(261,107)	(185,710)
Depreciation and amortization	8, 12	5,224	268,049	1,966,768
Loss on sale of construction materials	13	-	1,243,582	-
Loss (gain) on sale of property and equipment	13	-	127,307	(465,581)
Write-off of advances to related parties	16	-	40,203	1,757,502
Impairment losses on non-financial assets	13	-	-	10,529,469
Interest expense	13	-	-	734,208
Operating profit (loss) before working capital changes		925,224	(194,639)	3,523,255
Decrease (increase) in trade and other receivables		(1,703,611)	(15,777,233)	15,229,467
Decrease in construction materials		-	13,987,818	5,500,546
Decrease (increase) in other current assets		2,353,492	(4,696,052)	(5,302,300)
Decrease in trade and other payables		(1,327,841)	(7,338,115)	(1,995,064)
Decrease in provision for repairs		(347,433)	(96,160)	(517,093)
Increase (decrease) in retirement benefit obligation		(289,498)	186,760	(2,401,714)
Cash generated from (used in) operations		(389,667)	(13,927,621)	14,037,097
Cash paid for income taxes		(99,396)	(52,222)	(37,142)
Net Cash From (Used in) Operating Activities		(489,063)	(13,979,843)	13,999,955
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of held-to-maturity investment	6	(2,007,440)	-	-
Dividend received	5	349,101	-	-
Interest received	4	89,354	261,107	185,710
Acquisitions of property and equipment	8	(5,803)	-	-
Proceeds from sale of property and equipment	8	-	339,286	4,809,070
Net Cash From (Used in) Investing Activities		(1,574,788)	600,393	4,994,780
CASH FLOWS FROM FINANCING ACTIVITIES	13			
Payments of interest-bearing loans		-	-	(9,000,000)
Interest paid		-	-	(734,208)
Net Cash Used in Financing Activities		-	-	(9,734,208)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,063,851)	(13,379,450)	9,260,527
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,875,110	16,254,560	6,994,033
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 811,259	P 2,875,110	P 16,254,560

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010, 2009 AND 2008
(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 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. The Company's construction projects are concentrated with the projects of its related parties (see Note 16.1).

On February 29, 2008, the Company's Board of Directors (BOD) approved the change in the Company's core business operations from construction activities to real estate development. Consequently, the Company has retrenched all of its project-based employees effective September 2008 and sold almost all of its construction equipment.

However, as of December 31, 2010, the Company has not yet started any real estate development projects. Currently, the Company is continuously engaged in the business of construction, its sole business activity where it utilizes the services of subcontractors. Hence, no segment information and disclosures are presented in the Company's financial statements.

The Company is a domestic corporation whose shares of stock are listed in the Philippine Stock Exchange (PSE).

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, 2010 (including the comparatives for the years ended December 31, 2009 and 2008) were authorized for issue by the Company's Chairman and President on April 12, 2011.

1.2 Status of Operations

The financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization and the satisfaction of liabilities in the normal course of business. As shown in the financial statements, the Company incurred net losses amounting to P6.5 million, P25.4 million and P17.6 million in 2010, 2009 and 2008, respectively, and as a result, it has reported a deficit amounting to P46.6 million and P40.1 million as of December 31, 2010 and 2009, respectively. These conditions indicate the existence of an uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. In response to these conditions, the Company's management has committed to exert efforts to ensure the profitability of the Company's operations through continuation of its construction projects since the change of business operations from construction to real estate development has not yet started. In addition, the Company's management will continue on intensifying its efforts in collecting the outstanding receivables in order to financially support its construction operations and the planned transition in the Company's business operations.

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.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of assets, liabilities, 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 (Revised 2007), *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, the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New Interpretations, Revisions and Amendments to PFRS

(a) Effective in 2010 that are Relevant to the Company

In 2010, the Company adopted the following new interpretation and annual improvements that are relevant to the Company and effective for financial statements for the annual period beginning on or after July 1, 2009 or January 1, 2010:

Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 18	:	Transfers of Assets from Customers
Various Standards	:	2009 Annual Improvements to PFRS

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

(i) Philippine Interpretation IFRIC 18, *Transfers of Assets from Customers* (effective from July 1, 2009). This interpretation provides guidance on how to account for items of property, plant and equipment received from customers; or cash that is received and used to acquire or construct specific assets. It is only applicable to agreements in which an entity receives from a customer such assets that the entity must either use to connect the customer to a network or to provide ongoing access to a supply of goods or services or both. This interpretation did not have any material impact on the Company's financial statements as the Company did not receive any assets of such nature from its customers during the current year and in prior years.

(ii) 2009 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to PFRS 2009*. Most of these amendments became effective for annual periods beginning on or after July 1, 2009 or January 1, 2010. Among those improvements, only the following amendments were identified to be relevant to the Company's financial statements but which did not also have any material impact on its financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements*. The amendment clarifies the current and non-current classification of a liability that can, at the option of the counterparty, be settled by the issue of the entity's equity instruments.

- PAS 7 (Amendment), *Statement of Cash Flows*. The amendment clarifies that only an expenditure that results in a recognized asset can be classified as a cash flow from investing activities. Under its current policies, only recognized assets are classified by the Company as cash flow from investing activities.

- PAS 17 (Amendment), *Leases*. The amendment clarifies that when a lease includes both land and building elements, an entity assesses the classification of each element as finance or an operating lease separately in accordance with the general guidance on lease classification set out in PAS 17.

- PAS 18 (Amendment), *Revenue*. The amendment provides guidance on determining whether an entity is acting as a principal or as an agent. Presently, the Company is the principal in all of its business undertakings.

(b) Effective in 2010 that are not Relevant to the Company

The following revisions, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after January 1, 2010 but are not relevant to the Company's financial statements:

PAS 27 (Revised 2008)	:	Consolidated and Separate Financial Statements
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
PFRS 1 (Amendment)	:	Additional Exemptions for First-time Adopters
PFRS 2 (Amendment)	:	Share-based Payment
PFRS 3 (Revised 2008)	:	Business Combinations
Philippine Interpretations		
IFRIC 9	:	Embedded Derivatives – Amendments to IFRIC 9 and PAS 39
IFRIC 17	:	Distribution of Non-cash Assets to Owners

(c) Effective Subsequent to 2010

There are new revisions, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2010. 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 24 (Revised), *Related Party Disclosures* (effective from January 1, 2011). Earlier application of the standard, in whole or in part, is permitted but the Company opted not to early adopt the standard. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. Management believes that the adoption of this standard will have no material impact on the financial statements since the Company has no transactions with the government and other government-related entities.

(ii) Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement* (effective from January 1, 2011). This interpretation addresses unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan. It sets out guidance on when an entity recognizes an asset in relation to a PAS 19, *Employee Benefits*, surplus for defined benefit plans that are subject to a minimum funding requirement. Management does not expect that its future adoption of the amendment will have a material effect on its financial statements because it does not usually make substantial advance contributions to its retirement fund.

(iii) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective from July 1, 2010). It addresses accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:

- the issue of equity instruments to a creditor to extinguish all or part of a financial liability is consideration paid in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*;
- the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;
- if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,
- the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

Management has determined that the adoption of the interpretation will not have a material effect on its financial statements as management does not anticipate to extinguish financial liabilities through equity swap in the subsequent periods.

(iv) PFRS 7 (Amendment), *Financial Instruments: Disclosures* (effective for annual periods beginning on or after July 1, 2011). The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g., securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken at the end of a reporting period. The Company believes that adoption of the amendments in 2012 will not have any significant effect on its financial statements as the Company does not engage in transfer transactions of financial assets.

(v) PFRS 9, *Financial Instruments* (effective from January 1, 2013). PAS 39 will be replaced by PFRS 9 in its entirety which is being issued in phases. The main phases are (with a separate project dealing with derecognition):

- Phase 1 : Classification and Measurement
- Phase 2 : Impairment Methodology
- Phase 3 : Hedge Accounting

To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2013. Other chapters dealing with impairment methodology and hedge accounting are still being finalized.

Management is yet to assess the impact that this amendment is likely to have on the financial statements of the Company. However, it does not expect to implement the amendments until all chapters of PFRS 9 have been published at which time the Company expects it can comprehensively assess the impact of the revised standard.

(vi) 2010 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to PFRS 2010* (the 2010 Improvements). Most of these amendments become effective for annual periods beginning on or after July 1, 2010 or January 1, 2011. The Company's preliminary assessments indicate that the 2010 Improvements will not have a material impact on its 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, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

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

A more detailed description of the categories of financial assets is as follows:

(a) 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, less impairment loss, if any. Any change in their value is recognized in profit or loss. 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 Trade and Other 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.

(b) Held-to-maturity Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are included in current assets in the statement of financial position.

Subsequent to initial recognition, the investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

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

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 Construction Materials

Construction materials are valued at the lower of cost and net realizable value. Cost of construction materials is determined on a moving average basis. The cost of construction materials includes all costs directly attributable to acquisition, such as the purchase price and taxes that are not subsequently recoverable from taxing authorities.

Net realizable value of construction materials is the current replacement cost. Obsolete inventories are written off when identified.

2.5 Property and Equipment

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

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Construction equipment	5-10 years
Furniture and fixtures	3 years

Leasehold improvements are amortized over three years or the term of the lease, whichever is shorter.

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 property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment 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 Investment Property

Investment property is stated at cost less any impairment in value. The cost of investment property comprises its purchase price and directly attributable costs of bringing the assets to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for maintenance are charged to expense as incurred.

The carrying amount of investment property is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (see Note 2.12).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the profit or loss in the year of retirement or disposal.

2.7 Financial Liabilities

Financial liabilities, which include Trade and Other Payables, are recognized initially at their fair value and subsequently measured at amortized cost.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

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 commitment that has resulted from past events.

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

Revenue comprises revenue from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods sold and 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 stage of completion of the project 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 also 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) *Scrap sales* – Revenue is recognized when the risks and rewards of ownership of scrap construction materials have passed to the buyer. This is generally when the customer has taken undisputed delivery of goods. Scrap sales is presented as part of Miscellaneous under Other Operating Income in the statement of comprehensive income.

(d) *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 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. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.14).

2.10 Construction Contracts

Contract costs are recognized when incurred.

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.

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.

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 Trade and Other 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 Trade and Other Receivables account.

The Company presents as a liability (under Trade and Other Payables) 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 property and equipment, investment property 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.

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

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

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

2.13 Employee Benefits

(a) Post-employment Benefit

Post-employment benefit is provided to employees through 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. The Company's post-employment defined benefit pension plan covers all regular full-time employees.

In 2009, the liability recognized in the statement of financial position for post-employment defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

In 2010, as the Company had only one employee at end of year, the estimated cost of post-employment benefit was computed based on Republic Act (R.A.) No. 7641, *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: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or, (b) 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 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 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.15 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 provided, 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.

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.

2.16 Related Party 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. This includes (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.

2.17 Equity

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

Additional paid-in capital includes any 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 includes all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income.

2.18 Loss Per Share

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.

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) Held-to-maturity Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as bonds, as held-to-maturity investments, the Company evaluates its intention and ability to hold such investments up to maturity. Management has confirmed its intention and determined its ability to hold the investments up to maturity. If the Company fails to keep these investments to maturity other than for specific circumstances as allowed under the standards, it will be required to reclassify the whole class as available-for-sale financial assets. In such a case, the investments would therefore be measured at fair value, not at amortized cost.

(b) Operating and Finance Leases

The Company has entered into lease agreement. Critical judgment was exercised by management to distinguish each 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.

(c) Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and disclosure of contingencies are discussed in Notes 2.8 and 18.

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) Determining Net Realizable Value of Construction Materials

In determining the net realizable value of the construction materials, management takes into account the most reliable evidence available at the times the estimates are made. The Company periodically reviews its construction materials inventory for possible damaged and obsolete items. Items identified as obsolete are immediately derecognized by the Company.

The Company has written off obsolete construction materials amounting to P0.1 million in 2008 (see Note 13.3). No further purchase of construction materials was made in 2010 and 2009. The Company and the subcontractor agreed that the latter shall procure the needed construction materials and will bill the Company for the corresponding cost.

(b) Allowance for Impairment of Trade and Other Receivables

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, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

Impairment losses on Trade and Other Receivable amounted to P7.8 million in 2010, P12.0 million in 2009 and P3.0 million in 2008 (see Note 13.1). Trade and Other Receivables, net of allowance for impairment, amounted to P69.1 million and P75.2 million as of December 31, 2010 and 2009, respectively (see Note 5).

(c) Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment 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 property and equipment are analyzed in Note 8. Based on management's assessment as of December 31, 2010, there is no change in estimated useful lives of property and equipment during the year and in the prior years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) *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 2010 and 2009, the management believes that the Company may not realize the tax benefit of the temporary differences, hence, no deferred tax assets were recognized (see Note 15).

(e) *Impairment of Non-financial Assets*

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

In 2008, the Company recorded an additional impairment loss amounting to P9.9 million on investment property (see Note 13.3). Such impairment loss was realized when the related asset was sold in 2009.

Also, in 2008, the Company recognized impairment loss on creditable withholding taxes (CWT) which are not duly supported and hence, were not claimed as deduction against the income tax due in 2008.

In 2009 and 2008, the impairment loss on property and equipment incurred in 2007 were realized through sale. Impairment losses realized amounted to P0.5 million in 2009 and P2.2 million in 2008. No additional impairment loss on the remaining property and equipment was recognized in 2010, 2009 and 2008 based on management's assessment (see Note 8).

(f) *Post-employment Benefit*

The determination of the Company's obligation and cost of post-employment benefit in 2009 is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 14.2 and include, among others, discount rates and salary increase rate. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

In 2010, the Company's obligation and cost of post-employment benefit was computed based on the provisions of R.A. 7641 discounted using relevant PDEX rate.

The estimated retirement benefit obligation amounted to P0.5 million and P0.7 million as of December 31, 2010 and 2009, respectively (see Note 14.2).

(g) Provision for Repairs

The Company offers warranties for its construction projects for a period of one year from date of completion. Management estimates the related provision for future repairs based on historical repair information, as well as recent trends that might suggest that past cost information may differ from future claims. The Company recognized additional provision for repairs amounting to P10,050 in 2010 and P1.0 million in 2009. This is presented as part of the repairs and maintenance account under Other Operating Expenses (see Note 11.2).

(h) 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 recognized in 2010 and 2009 based on management's assessment.

(i) 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 of December 31:

	2010	2009
Cash on hand and in banks	**P 811,259**	P 919,758
Short-term placements	**-**	1,955,352
	P 811,259	P 2,875,110

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for a period of 90 days and earn effective interest rates ranging from 2.75% to 5.00% in 2009. Interest income is presented as part of Finance Income in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Note	2010	2009
Current:			
Contracts receivable	16.1	**P 91,587,644**	P 87,163,392
Advances to:			
Related parties	16.2	**13,779,558**	15,738,796
Officers and employees		**-**	29,023
Others		**-**	732,380
		105,367,202	103,663,591
Allowance for impairment		**(36,355,336)**	(28,593,436)
		69,011,866	75,070,155
Non-current:			
Security deposits		**92,918**	92,918
Others		**4,000**	4,000
		96,918	96,918
		P 69,108,784	P 75,167,073

Contracts receivable is broken down as follows:

	2010	2009
Billed	**P 76,962,145**	P 58,709,758
Unbilled	**-**	13,318,306
	76,962,145	72,028,064
Retention	**14,625,499**	15,135,328
	P 91,587,644	P 87,163,392

The 2009 other receivables account pertains to the Company's Meralco deposits for the temporary electrical facilities in the construction site. In 2010, the Company received the refund from Meralco and earned dividend income amounting to P0.3 million which is presented as part of Finance Income in the 2010 statement of comprehensive income.

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

A reconciliation of the allowance for impairment at the beginning and end of 2010 and 2009 is shown below.

	Notes	2010	2009
Balance at beginning of year		**P 28,593,436**	P 16,621,546
Impairment loss during the year	13.1	**7,761,900**	11,971,890
Balance at end of year	16.1, 16.2	**P 36,355,336**	P 28,593,436

Management considers the net carrying amounts of the current trade and other receivables to be a reasonable approximate of the fair values because of the short duration.

The carrying amount of security deposits which are stated at cost are regarded as the fair value since the timing of the refund or settlement of the deposits could not be reasonably estimated.

6. HELD-TO-MATURITY INVESTMENT

The held-to-maturity investment pertains to investment in government securities which was acquired on November 22, 2010.

The total investment amounted to P2.0 million with a yield to maturity rate of 4.19%. This investment will mature on January 24, 2011.

The Company recognized income amounting to P9,300 from held-to-maturity investment and is presented as part of Finance Income in the 2010 statement of comprehensive income.

7. OTHER CURRENT ASSETS

This account consists of:

	2010	2009
CWT	**P 17,769,391**	P 16,938,959
Advances to contractors and suppliers	**61,351**	3,144,644
Others	**45,893**	146,524
	P 17,876,635	P 20,230,127

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation, amortization and impairment at the beginning and end of 2010 and 2009 are shown below.

	Furniture and Fixtures	Leasehold Improvements	Construction Equipment	Total
December 31, 2010				
Cost	P 9,699,714	P -	P -	P 9,699,714
Accumulated depreciation and amortization	(9,517,117)	-		(9,517,117)
Accumulated impairment	(177,116)	-	-	(177,116)
Net carrying amount	**P 5,481**	**P -**	**P -**	**P 5,481**
December 31, 2009				
Cost	P 9,693,911	P -	P -	P 9,693,911
Accumulated depreciation and amortization	(9,511,893)		-	(9,511,893)
Accumulated impairment	(177,116)	-	-	(177,116)
Net carrying amount	P 4,902	P -	P -	P 4,902
January 1, 2008				
Cost	P 9,693,911	P 1,098,630	P 5,391,364	P 16,183,905
Accumulated depreciation and amortization	(9,491,242)	(1,098,630)	(4,178,596)	(14,768,468)
Accumulated impairment	(177,116)	-	(498,777)	(675,893)
Net carrying amount	P25,553	P -	P 713,991	P 739,544

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2010 and 2009 is shown below.

	Furniture and Fixtures	Leasehold Improvements	Construction Equipment	Total
Balance at January 1, 2010, net of accumulated depreciation, amortization and impairment	P 4,902	P -	P -	P 4,902
Additions	5,803	-	-	5,803
Depreciation and amortization charges for the year	(5,224)	-	-	(5,224)
Balance at December 31, 2010, net of accumulated depreciation, amortization and impairment	**P 5,481**	**P -**	**P -**	**P 5,481**
Balance at January 1, 2009, net of accumulated depreciation, amortization and impairment	P 25,553	P -	P 713,991	P 739,544
Disposals	-	-	(466,593)	(466,593)
Depreciation and amortization charges for the year	(20,651)	-	(247,398)	(268,049)
Balance at December 31, 2009, net of accumulated depreciation, amortization and impairment	P 4,902	P -	P -	P 4,902

The amount of depreciation and amortization is allocated as follows:

	Notes	**2010**	2009	2008
Contract costs	10	**P -**	P 247,398	P 1,958,881
Administrative expenses		**5,224**	20,651	7,887
	12	**P 5,224**	P 268,049	P 1,966,768

The Company sold certain property and equipment with total net book value of P0.5 million and P4.3 million in 2009 and 2008, respectively. Loss on sale amounted to P0.1 million in 2009 and is shown as part of the Other Losses account in the 2009 statement of comprehensive income (see Note 13.3) while gain on sale recognized from 2008 disposal amounted to P0.5 million and is shown as part of Other Income account in the 2008 statement of comprehensive income (see Note 13.2). No disposal of property and equipment was made in 2010.

As of December 31, 2010 and 2009, fully depreciated assets with total cost of P9.7 million are still in use as of those dates.

9. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	2010	2009
Deferred output VAT		**P 10,807,237**	P 10,268,503
Advances from customers		**7,805,175**	8,025,841
Trade payables		**2,436,764**	2,958,895
Retention fees		**2,340,905**	2,758,079
Output VAT	21.1	**87,779**	-
Accrued subcontractors' fees		**21,754**	531,468
Other payables and accrued expenses	16.2	**472,363**	757,032
		P 23,971,977	P 25,299,818

The fair values of trade and other payables have not been individually disclosed as, due to their short duration, management considers the carrying amounts recognized in the statements of financial position to be a reasonable approximation of their fair values.

10. CONTRACT COSTS

The details of this account are shown below (see Note 12).

	Notes	2010	2009	2008
Subcontractors' fee		**P 34,656,499**	P 57,560,299	P 24,473,856
Construction materials used		**-**	12,639,846	35,229,886
Construction overhead:				
Taxes and licenses	21.6	**319,286**	127,112	757,072
Repairs and maintenance		**-**	2,576,010	1,420,839
Indirect labor		**-**	589,746	9,891,277
Depreciation and amortization	8	**-**	247,398	1,958,881
Utilities and communication		**-**	12,817	1,005,647
Miscellaneous		**-**	253,706	3,661,363
		P 34,975,785	P 74,006,934	P 78,398,821

11. OTHER OPERATING INCOME AND EXPENSES

Presented below are the details of these accounts.

11.1 Other Operating Income

	2010	2009	2008
Miscellaneous	**P 38,393**	P 21,071	P 136,328
Forfeiture income	**-**	594,225	-
	P 38,393	P 615,296	P 136,328

11.2 Other Operating Expenses

	Note	**2010**	2009	2008
Security and other services		**P 669,382**	P 918,279	P 512,951
Subscriptions		**275,820**	304,632	407,922
Utilities and communication		**108,690**	196,939	315,453
Seminars and training		**20,534**	12,480	35,632
Stationery and supplies		**15,524**	72,429	62,603
Repairs and maintenance		**10,050**	1,021,235	905,686
Representation and entertainment		**-**	1,100,818	213,635
Miscellaneous		**240,935**	162,203	313,540
	12	**P 1,340,935**	P 3,789,015	P 2,767,422

12. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	**2010**	2009	2008
Outside services		**P 34,656,499**	P 57,560,299	P 24,473,856
Salaries and employee benefits	14.1	**1,143,271**	4,120,792	15,973,839
Taxes and licenses	21.6	**1,061,517**	1,329,924	2,160,092
Professional fees		**417,500**	487,000	914,500
Rentals		**144,000**	151,579	577,393
Utilities and communication		**108,690**	209,757	1,321,101
Repairs and maintenance		**10,050**	3,597,244	2,326,525
Depreciation and amortization	8	**5,224**	268,049	1,966,768
Construction materials used		**-**	12,639,846	35,229,886
Miscellaneous		**1,222,195**	2,824,546	5,128,424
		P 38,768,946	P 83,189,036	P 90,072,384

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

	Notes	2010	2009	2008
Contract costs	10	**P 34,975,785**	P 74,006,934	P 78,398,821
Administrative expenses		**2,452,226**	5,393,087	8,906,141
Other operating expenses	11.2	**1,340,935**	3,789,015	2,767,422
		P 38,768,946	P 83,189,036	P 90,072,384

13. OTHER CHARGES

13.1 Finance Costs

The breakdown of this account is as follows:

	Notes	2010	2009	2008
Impairment loss on trade and other receivables	5	**P 7,761,900**	P 11,971,890	P 2,964,831
Write-off of advances to related parties	16.2	**-**	40,203	1,757,502
Interest expense		**-**	-	734,208
		P 7,761,900	P 12,012,093	P 5,456,541

Interest expense incurred in 2008 pertains to interest incurred from interest-bearing loans obtained on December 31, 2007 which was fully settled on December 22, 2008.

13.2 Other Income

This account consists of the following:

	Notes	2010	2009	2008
Gain on curtailment	14.2	**P 289,498**	P -	P 2,401,714
Gain on sale of property and equipment	8	**-**	-	465,581
		P 289,498	P -	P 2,867,295

13.3 Other Losses

This account consists of the following:

	Notes	2010	2009	2008
Loss on sale of construction materials		**P -**	P 1,243,582	P -
Loss on sale of property and equipment	8	**-**	127,307	-
Impairment loss on investment property	3.2	**-**	-	9,858,601
Impairment loss on CWT	3.2	**-**	-	563,675
Loss on damaged materials	3.2	**-**	-	107,193
		P -	P 1,370,889	P 10,529,469

14. EMPLOYEE BENEFITS

14.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits (see Note 12) are presented below.

	2010	2009	2008
Short-term employee benefits	**P 1,143,271**	P 3,344,286	P 8,668,035
Termination benefits	**-**	589,746	7,305,804
Post-employment defined benefit	**-**	186,760	-
	P 1,143,271	P 4,120,792	P 15,973,839

Effective September 2008, the Company has retrenched all project-based employees. This is in line with the Company's plan of shifting its core business operations from construction to real estate development. Total termination benefits amounted to P7.3 million. In 2009, two administrative employees were retrenched. Total termination benefits amounted to P0.6 million. There was no termination that occurred in 2010. At the end of 2010, the Company has only one employee.

14.2 Post-employment Benefit

The Company maintains an unfunded, noncontributory post-employment defined benefit plan covering all regular full-time employees. The last actuarial valuation was made for the year ended December 31, 2008. Due to the retrenchment of all project-based employees in 2008, the Company no longer obtained an updated actuarial valuation report. The projected cost for the 2009 post-employment benefit cost of the remaining administrative employees is based on projections of the 2008 valuation. The retirement benefit obligation of the Company to its only employee as of the end of the reporting period was computed using the provisions of R.A. 7641, the *Retirement Pay Law*, discounted using the PDEX rate of 8.1%.

Retirement benefit obligation amounted to P452,899 as of December 31, 2010. The decrease in retirement benefit obligation from prior year amounting to P289,498, is presented under Other income in the 2010 statement of comprehensive income (see Note 13.2).

The amount of retirement benefit obligation recognized in the 2009 statement of financial position is determined as follows:

Present value of the obligation	P 748,820
Unrecognized actuarial losses	(6,423)
Retirement benefit obligation	P 742,397

The movements in the present value of retirement benefit obligation recognized in the 2009 books are as follows:

Balance at beginning of year	P 562,060
Current service costs and interest costs	186,760
Balance at end of year	P 748,820

The amounts of post-employment benefit expense (gain on curtailment) recognized in the profit or loss are as follows (see Notes 13.2 and 14.1):

	2009	2008
Current service costs	P 127,687	P 256,107
Interest costs	59,073	536,977
Net actuarial gain recognized during the year	-	(3,194,798)
Post-employment benefit expense (gain on curtailment)	P 186,760	(2,401,714)

Gain on curtailment in 2008 is presented as a part of Other Income account in the 2008 statement of comprehensive income (see Note 13.2). Post-employment benefit expense, on the other hand, incurred in 2009 is shown under the Salaries and Wages in the 2009 statement of comprehensive income (see Note 14.1).

The historical information of the present value of the defined benefit obligation and deficit in the plan (in thousands) are shown below.

	2010	2009	2008	2007	2006
Present value of the obligation	P 453	P 749	P 562	P 3,104	P 2,247
Fair value of plan assets	-	-	-	-	-
Deficit in the plan	P 453	P 749	P 562	P 3,104	P 2,247

The experience adjustment on plan liabilities is nil in 2009 and P97,420 in 2008.

In determining the retirement benefit obligation, the following actuarial assumptions were used:

	2009	2008
Discount rates	11%	8%
Expected rate of salary increases	8%	8%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average expected remaining working life of employees retiring at the age of 60 is 19 years for males and females.

As of December 31, 2010, the Company is still unable to determine how much and when to fund the retirement plan.

15. TAXES

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

	2010	2009	2008
Current tax expense:			
Minimum corporate income tax (MCIT) at 2%	**P 81,525**	P 145,524	P 188,407
Final tax at 20%	**17,871**	52,222	37,142
	99,396	197,746	225,549
Deferred tax expense:			
Deferred tax resulting from derecognition of deferred tax assets	**-**	11,574,177	4,561,044
Deferred tax relating to origination and reversal of temporary difference	**-**	-	(2,912,754)
Deferred tax resulting from decrease in regular corporate income tax (RCIT) rate	**-**	-	1,929,030
	-	11,574,177	3,577,320
	P 99,396	P 11,771,923	P 3,802,869

The reconciliation of tax on pretax loss computed at the applicable statutory rates to tax expense reported in profit or loss is as follows:

	2010	2009	2008
Tax on pretax loss at 30% in 2010 and 2009 and at 35% in 2008	**(P 1,921,034)**	(P 4,075,369)	(P 4,822,381)
Adjustment for income subjected to lower income tax rate	**(8,935)**	(26,111)	(27,857)
Tax effects of:			
Unrecognized deferred tax assets	**2,219,016**	(2,473,960)	-
Non-taxable income	**(104,730)**	-	-
Application of previously unrecognized net operating loss carry-over (NOLCO)	**(102,068)**	-	-
Non-deductible expenses	**17,147**	425,337	900,962
Derecognized deferred tax assets	**-**	17,922,026	6,643,455
Reduction in RCIT rate	**-**	-	1,108,690
	P 99,396	P 11,771,923	P 3,802,869

The recognized deferred tax assets of P4.3 million as of December 31, 2007 relating to NOLCO amounting to P12.1 million and MCIT amounting to P0.3 million was derecognized in 2008 as management believes that this may not be recovered in the future. Accordingly, the deferred tax assets arising from NOLCO and MCIT in subsequent years were also not recognized as management believes that the related tax benefits may not be recovered.

In 2009, the remaining recognized deferred tax assets as of December 31, 2008 arising from deductible temporary differences were derecognized as management believes that the related tax benefit may no longer be realized.

The details of unrecognized deferred tax assets as of December 31, 2010 and 2009 are as follows:

	2010		2009	
	Amount	**Tax**	Amount	Tax
Impairment of trade and other receivables	**P 36,355,336**	**P 10,906,601**	P 28,593,436	P 8,578,031
NOLCO	**23,742,027**	**7,122,608**	35,887,388	10,766,216
Provision for repairs and contract losses	**473,678**	**142,103**	821,111	246,333
Retirement benefit obligation	**452,899**	**135,870**	742,397	222,719
MCIT	**415,456**	**415,456**	644,099	644,099
Impairment of property and equipment	**177,116**	**53,135**	177,116	53,135
	P 61,616,512	**P 18,775,773**	P 66,865,547	P 20,510,533

The Company is subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations. The Company is liable to pay MCIT in 2010, 2009 and 2008.

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

Year Incurred	Amount	Applied Balance	Expired Balance	Remaining Balance	Valid Until
2009	P 20,674,416	P -	P -	P 20,674,416	2012
2008	3,067,611	-	-	3,067,611	2011
2007	12,145,361	340,225	11,805,136	-	2010
	P 35,887,388	P 340,225	P 11,805,136	P 23,742,027	

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

Year Incurred	Amount	Expired MCIT	Remaining Balance	Valid Until
2010	P 81,525	P -	P 81,525	2013
2009	145,524	-	145,524	2012
2008	188,407	-	188,407	2011
2007	310,168	310,168	-	2010
	P 725,624	P 310,168	P 415,456	

In 2010, the Company claimed as deduction from its current year taxable income portion of its available NOLCO incurred in 2007 amounting to P0.3 million. The expired portion of NOLCO and MCIT incurred in 2007 amounted to P11.8 million and P0.3 million, respectively.

In 2010 and 2009, the Company opted to continue claiming itemized deductions.

16. RELATED PARTY TRANSACTIONS

The Company's related parties include entities under common ownership or control, and the Company's key management.

The following are the significant transactions with related parties:

16.1 Rendering of Services

The Company renders construction services for certain real estate projects of related parties under common ownership.

The breakdown of the construction services rendered and the outstanding balances are as follows (see Note 5):

	Amount of Transactions			Outstanding Balances	
	2010	2009	2008	**2010**	2009
Verdant Point Development Corporation (VDC)	**P 38,830,492**	P 78,694,680	P 24,166,451	**P59,305,171**	P 53,717,953
Acerhomes Development Corporation (ADC)	**530,563**	3,416,372	14,282,143	**10,531,454**	10,726,146
Extraordinary Development Corporation (EDC)	**-**	-	24,912,856	**10,142,346**	10,851,286
Earth Prosper Corporation (EPC)	**-**	-	11,137,357	**1,330,131**	1,329,983
One Asia Development Corporation (OADC)	**-**	-	8,588,241	**-**	329,896
Kaiser Realty Development Corporation (KRDC)	**-**	-	3,847,286	**1,071,231**	1,164,566
Earth + Style Corporation (ESC)	**-**	-	1,391,964	**5,185,434**	5,185,434
First Advance Development Corporation (FADC)	**-**	-	764,531	**1,719,977**	1,838,841
Earth Aspire Corporation (EAC)	**-**	-	-	**1,776,370**	1,766,370
EDC – ESC	**-**	-	-	**535,530**	252,917
	P 39,361,055	P 82,111,052	P 89,090,829	**91,587,644**	87,163,392
Allowance for impairment				**(27,873,800)**	(23,056,884)
				P 63,713,844	P64,106,508

The outstanding balances are shown as Contracts Receivable under the Trade and Other Receivables account in the statements of financial position (see Note 5). The composition of the outstanding balances of Contracts Receivable are as follows:

	2010			2009		
	Trade Receivables	**Retention Receivables**	**Total**	Trade Receivables	Retention Receivables	Total
VDC	**P 53,122,789**	**P 6,182,382**	**P 59,305,171**	P 47,206,603	P 6,511,350	P 53,717,953
ADC	**9,069,554**	**1,461,900**	**10,531,454**	9,083,133	1,643,013	10,726,146
EDC	**9,238,808**	**858,538**	**10,142,346**	9,992,747	858,538	10,851,285
EPC	**599,055**	**731,076**	**1,330,131**	598,907	731,076	1,329,983
OADC	**-**	**-**	**-**	47,535	282,362	329,897
KRDC	**1,071,231**	**-**	**1,071,231**	1,164,566	-	1,164,566
ESC	**476,564**	**4,708,870**	**5,185,434**	476,563	4,708,870	5,185,433
FADC	**1,719,977**	**-**	**1,719,977**	1,838,841	-	1,838,841
EAC	**1,366,252**	**400,118**	**1,776,370**	1,366,252	400,119	1,766,371
EDC – ESC	**252,915**	**282,615**	**535,530**	252,917	-	252,917
	76,962,145	**14,625,499**	**91,587,644**	72,028,064	15,135,328	87,163,392
Allowance for Impairment	**(19,517,132)**	**(8,356,668)**	**(27,873,800)**	(15,641,381)	(7,415,503)	(23,056,884)
	P 57,445,013	**P 6,268,831**	**P 63,713,844**	P 56,386,683	P 7,719,825	P64,106,508

16.2 Advances to/from Related Parties

The Company grants and obtains unsecured, noninterest-bearing advances to and from related parties other than officers and directors for working capital requirements. The details of advances to/from related parties are shown below.

	Notes	**2010**	2009
Advances to related parties under common ownership:			
Balance at beginning of year		**P 15,738,796**	P 13,580,311
Additions			2,248,688
Write-off	13.1	**-**	(40,203)
Repayments		**(1,959,238)**	(50,000)
	5	**13,779,558**	15,738,796
Allowance for impairment	5	**(8,481,536)**	(5,536,552)
Balance at end of year		**P 5,298,022**	P 10,202,244
Advances from related parties under common stockholders	9	**P 39,245**	P 39,245

In 2009, certain advances to related party amounting to P40,203 are found to be not collectible and were directly written off against the balance of the related advances (see Note 13.1).

The outstanding balances of advances to related parties shown as Advances to Related Parties under Trade and Other Receivables (see Note 5) are as follows:

		2010		2009
City and Life Property, Inc.	P	**5,883,858**	P	5,883,858
Prosperity Builders Resources, Inc.		**5,478,194**		5,478,194
Supreme Housing Builders, Inc.		**2,417,506**		1,959,239
EDC		**-**		2,417,505
	P	**13,779,558**	P	15,738,796

The advances from related parties under common ownership is presented as part of Other Payables and Accrued Expenses under Trade and Other payables in the statements of financial position (see Note 9).

Management considers the carrying amounts of advances to/from related parties to be a reasonable approximation of their fair values due to their short duration as these advances are payable upon demand.

16.3 Key Management Personnel Compensations

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

		2010		2009		2008
Short-term employee benefits	**P**	**1,143,271**	P	2,008,833	P	2,209,743
Post-employment benefit		**-**		597,756		1,320,000
	P	**1,143,271**	P	2,606,589	P	3,529,743

17. LOSS PER SHARE

The basic loss per share were computed as follows:

		2010		2009		2008
Net loss	**P**	**6,502,841**	P	25,356,486	P	17,581,101
Divided by the weighted average number of outstanding common shares		**110,000,000**		110,000,000		110,000,000
Loss per share	**P**	**0.059**	P	0.231	P	0.160

The Company has no dilutive potential shares, hence, no information on diluted loss per share is presented.

18. COMMITMENTS AND CONTINGENCIES

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. 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.

19. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

19.1 Foreign Currency Sensitivity

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

19.2 Interest Rate Sensitivity

As at December 31, 2010 and 2009, 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 following illustrates sensitivity of the loss before tax for the year to a reasonably possible change in interest rates of +/-1.19% in 2010 and +/-4.97% in 2009 with effect from the beginning of the year. This percentage has been determined based on the average market volatility in interest rates using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Company's financial instruments held at the end of each reporting period, with effect estimated from the beginning of the year. All other variables held constant, if the interest rates increased by 1.19% and 4.97% in 2010 and 2009, loss before tax would have decreased by P23,442 and P99,977, respectively. Conversely, if the interest rate decreased by same percentage, loss before tax would have been higher by the same amount.

19.3 Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for 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, for a significant proportion of sales, advance payments are received 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	**2010**	2009
Cash and cash equivalents	4	**P 811,259**	P 2,875,110
Trade and other receivables – net	5	**69,108,784**	75,167,073
		P 69,920,043	P 78,042,183

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 Company's 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.

(b) Trade and other receivables

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables are mostly 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 past due or impaired to be good.

Some of the unimpaired trade 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. Trade receivables past due but not impaired can be shown as follows:

	2010	2009
Not more than 3 months	**P 7,958,842**	P 20,961,056
More than 3 months but not more than 6 months	**8,926,505**	382,377
More than 6 months but not more than one year	**665,334**	-
More than one year	**21,770,008**	7,748,134
	P 39,320,689	P 29,091,567

19.4 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 to meet its liquidity requirements for up to 60-day periods.

As at December 31, 2010 and 2009, the Company's financial liabilities amounting to P24.0 million and P25.3 million, respectively, have contractual maturities within six months to one year from 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.

20. 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.

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:

	2010	2009
Total liabilities	**P 24,898,554**	P 26,863,326
Total equity	**64,911,045**	71,413,886
Debt-to-equity ratio	**0.38 : 1**	0.38 : 1

21. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATIONS 15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations 15-2010, which requires certain information on taxes, duties and license fees paid or accrued during the taxable year to be included as part of the notes to financial statements. This supplementary information, which is in addition to the disclosures required under PFRS, is presented as follows:

21.1 Output VAT

In 2010, the Company declared output VAT as follows:

	Tax Base	Output VAT
Contract revenue	P 34,982,583	P 4,222,562
Other operating income	38,393	4,607
	P 35,020,976	P 4,227,169

The tax bases of contract revenue and other operating income are based on the Company's gross receipts for the year, hence, may not be the same with the amounts accrued in the 2010 statement of comprehensive income.

The outstanding output VAT payable amounting to P87,779 as of December 31, 2010 is presented as Output VAT under the Trade and Other Payables account in the 2010 statement of financial position (see Note 9).

The Company did not have VAT zero-rated and VAT exempt transaction in 2010.

21.2 Input VAT

The movements in Input VAT in 2010 is summarized below.

Balance at beginning of year	P 1,298
Services lodged under cost of goods sold	4,045,444
Services lodged under other accounts	92,648
Input VAT applied against output VAT	(4,139,390)
Balance at end of year	P -

21.3 Landed Costs, Customs Duties and Tariff Fees

The Company did not have any importation in 2010.

21.4 Excise Tax

The Company did not have any transactions in 2010 which are subject to excise tax.

21.5 Documentary Stamp Tax

In 2010, documentary stamp tax amounted to P875 relates to car insurance and is presented as part of Taxes and Licenses account under Administrative Expenses the statement of comprehensive income (see Note 21.6).

21.6 Taxes and Licenses

The details of Taxes and Licenses account (see Notes 10 and 12) are broken down as follows:

Business tax	P 1,041,456
Residence tax	10,439
Municipal license and permits	2,350
Documentary stamp tax	875
Miscellaneous	5,497
	P 1,061,517

The amounts of taxes and licenses are allocated as follows:

	Notes	
Contract cost	10	P 319,286
Operating expenses		742,231
	12	P 1,061,517

21.7 Withholding Taxes

The details of withholding taxes in 2010 are shown below.

Compensation and benefits	P 757,301
Creditable	189,780
	P 947,081

21.8 Deficiency Tax Assessment and Tax Cases

As of December 31, 2010, the Company does not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open years.

Punongbayan & Araullo

Report of Independent Auditors to Accompany SEC Schedules 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 the financial statements of Supercity Realty Development Corporation for the year ended December 31, 2010, on which we have rendered our report dated April 12, 2011. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules (see table of contents) as of December 31, 2010 and for the year then ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary schedules are the responsibility of management. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 2641862, January 3, 2011, Makati City
Partner's SEC Accreditation No. 0396-AR-1 (until Oct. 19, 2012)
BIR AN 08-002511-20-2009 (until Sept. 15, 2012)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)
Firm's SEC Accreditation No. 0002-FR-2 (until Feb. 1, 2012)

April 12, 2011

SUPERCITY REALTY DEVELOPMENT CORPORATION
INDEX TO SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2010

UNAPPROPRIATED DEFICIT, AVAILABLE

Statement of Management's Responsibility for the Financial Statements

Independent Auditors' Report on the SEC Supplementary Schedules Filed Separately from the Basic Financial Statements

Supplementary Schedules to Financial Statements (Form 17-A, Item 7)

Supplementary Schedule to Financial Statements (SEC Circular 11)

Supercity Realty Development Corporation
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
As of December 31, 2010

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
Employee								
E Cunanan / Finance Head	Finance Head	P 29,023	P -	P 29,023	P -	P -	P -	P -
Total		**P 29,023**	**P -**	**P 29,023**	**P -**	**P -**	**P -**	**P -**
Related Parties								
City and Life Property, Inc.		5,883,858	-	-	-	5,883,858	-	5,883,858
Prosperity Builders Resources, Inc.		5,478,194	-	-	-	5,478,194	-	5,478,194
Extraordinary Development Corporation		1,959,239	-	1,959,239	-	-	-	-
Supreme Housing Builders, Inc.		2,417,505	-	-	-	2,417,505	-	2,417,505
Total Receivable from Employees		15,738,796	-	1,959,239	-	13,779,557	-	13,779,557

Supercity Realty Development Corporation
Schedule C - Noncurrent Marketable Equity Securities - (Noncurrent Marketable Equity Securities, Other Long-Term Investments in Stock and Other Investments)
December 31, 2010

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown on the balance sheet*	*Valued based on the market quotation at balance sheet*	*Income received and accrued*
Held-to-maturity Investments				
Government securities		P 2,007,440		

Supercity Realty Development Corporation
Schedule I - Capital Stock
December 31, 2010

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 2010 and 2009	155,000,000	110,000,000	-	12,160,000	44,015,000	53,825,000

SUPERCITY REALTY DEVELOPMENT CORPORATION
Unit 1223 12/F City & Land Mega Plaza ADB Avenue corner Garnet Road, Ortigas Center, Pasig City

Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2010

DEFICIT AT BEGINNING OF YEAR	(P 40,095,755)
Net Loss Realized during the Year	
Net loss per audited financial statements	(6,502,841)
DEFICIT AT END OF YEAR	**(P 46,598,596)**

SEC Number **A20000838 5**

File Number

SUPERCITY REALTY DEVELOPMENT CORPORATION

(Company's Full Name)

Unit 1223 City & Land Mega Plaza,
ADB Avenue Corner Garnet Rd.
Ortigas Center, Pasig City

(Company Address)

638-7779

(Telephone Number)

December 31

(Calendar Year Ending – Month & Day)

SEC Form 17-Q

(Form Type)

Amendment Designation (If Applicable)

March 31, 2011

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2011**

2. Commission 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. Province, country or other jurisdiction of incorporation or organization
   METRO MANILA, PHILIPPINES

6. Industry Classification Code: (SEC Use Only)

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

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

9. Former name, former address and former fiscal year, if changed since last report **NOT APPLICABLE**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 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 the securities listed on a Stock Exchange?

    Yes [**X**] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    PHILIPPINE STOCK EXCHANGE **COMMON STOCK**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 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 [ ]

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Financial Position
As of March 31, 2011 and December 31, 2010

	31-Mar-11	*Based on Audited FS* 31-Dec-10
ASSETS		
CURRENT ASSETS		
Cash & cash equivalents	2,989,773	811,259
Trade & other receivables (Note 1)	69,333,396	69,011,866
Held-to-maturity investment	-	2,007,440
Prepayments and other current assets (Note 2)	17,944,057	17,876,635
Total current assets	**90,267,226**	**89,707,200**
NON-CURRENT ASSET HELD FOR SALE	**-**	**-**
NON-CURRENT ASSETS		
Other receivables (Note 3)	96,918	96,918
Property and equipment - net (Note 4)	4,567	5,481
Deferred tax assets	-	-
Total non-current assets	**101,485**	**102,399**
TOTAL ASSETS	**90,368,711**	**89,809,599**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables (Note 5)	25,022,869	23,971,977
Provision for repairs	473,678	473,678
Total current liabilities	**25,496,547**	**24,445,655**
NON-CURRENT LIABILITIES		
Retirement benefit obligation	**466,649**	**452,899**
Total Liabilities	**25,963,196**	**24,898,554**
EQUITY		
Capital stock	110,000,000	110,000,000
Additional paid-in capital	1,509,641	1,509,641
Retained earnings	(47,104,126)	(46,598,596)
Total equity	**64,405,515**	**64,911,045**
TOTAL LIABILITIES AND EQUITY	**90,368,711**	**89,809,599**

* December 31, 2010 figures were audited by Punongbayan & Araullo.

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Comprehensive Income
For the 3-month periods ended March 31, 2011 and 2010

Account Title	Jan - Mar 2011	Jan - Mar 2010
REVENUES	816,508	22,587,180
CONTRACT COSTS	655,227	20,807,310
GROSS PROFIT	161,281	1,779,870
OPERATING EXPENSES		
Administrative expenses (Note 6)	705,225	1,337,197
Other operating expenses (Note 6)	188,592	210,868
	893,816	1,548,065
OPERATING PROFIT	(732,535)	231,805
OTHER INCOME (CHARGES)		
Finance costs	-	-
Other gains - net	10,350	13,393
	10,350	13,393
INCOME BEFORE TAX	(722,185)	245,198
TAX EXPENSE	(216,656)	73,559
NET INCOME	(505,530)	171,639
Earning (Loss) Per Share		
Net Income	(505,530)	171,639
Shares Outstanding	110,000,000	110,000,000
Earning (Loss) per share	**(0.0046)**	**0.0016**

Note 1

Trade & other receivables	**As Of** **03/31/2011**	**12/31/2010**
Current:		
Contract receivable (net of impairment)	64,035,374	63,713,844
Advances to suppliers and subcontractors	-	-
Advances to officers and employees	-	-
Due from related parties (net of impairment)	5,298,022	5,298,022
Others	-	-
	69,333,396	69,011,866

Note 2

Prepayments and other current assets	**As Of** **03/31/2011**	**12/31/2010**
Creditable Withholding tax	17,833,193	17,769,391
Advances to suppliers and subcontractors	64,971	61,351
Prepaid Expenses	45,893	45,893
	17,944,057	17,876,635

Note 3

Non-current:	**As Of** **03/31/2011**	**12/31/2010**
Security Deposits	92,918	92,918
Refundable deposits	-	-
Others	4,000	4,000
	96,918	96,918
	-	

Note 4

Property and equipment - net	Furniture and Fixtures	Transportation Equipment	Construction Equipment	Total
Balance at January 1, 2011 net of accumulated depreciation & amortization	5,481	-	-	5,481
Additions	-			-
Disposals	-			-
Depreciation & amortization charges for the quarter	(914)	-	-	- (914)
Balance at March 31, 2011 net of accumulated depreciation and amortization	4,567	-	-	4,567

Note 5

Trade and other payables	**As Of** **03/31/2011**	**12/31/2010**
Trade	2,428,512	2,436,764
Ouput VAT	-	87,779
Advances from customers	7,707,393	7,805,175
Deferred output valued-added taxes	10,854,082	10,807,237
Retention fees	2,406,093	2,340,905
Accrued subcontractors' fees	21,753	21,754
Other payables and accrued expenses	1,605,035	472,363
Total	25,022,869	23,971,977

Note 6 **For the Quarter Ending**

	03/31/2011	03/31/2010
Administrative Expenses:		
Salaries and employee benefits	175,022	597,136
Taxes and licenses	371,394	520,940
Depreciation and amortization	914	1,226
Professional fees	120,000	180,000
Rent	37,895	37,895
	705,225	1,337,197

Note 7

	For the Quarter Ending	
	03/31/2011	03/31/2010
Other Operating Expenses:		
Subscription	5,109	23,822
Contractual and service fees	135,005	135,005
Light and water	17,244	15,781
Stationery and supplies	1,960	1,123
Communications	6,599	6,546
Miscellaneous	22,676	28,591
	188,592	210,868

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Changes in Equity
For the 3-month periods ended March 31, 2011 and 2010

	Authorized Shares	Issued and Outstanding Shares	Capital Stock	Additional Paid-in Capital	Retained Earnings(Deficit)	Total
Balance at January 1, 2011	115,000,000	110,000,000	P 110,000,000	P 1,509,641	(P 46,598,596)	P 64,911,045
Net Income for the quarter	-	-	-	-	(505,530)	(505,530)
Balance at March 31, 2011	**115,000,000**	**110,000,000**	**P 110,000,000**	**P 1,509,641**	**(P47,104,126)**	**P 64,405,515**
Balance at January 1, 2010	115,000,000	110,000,000	P 110,000,000	P 1,509,641	(P 40,095,755)	P 71,413,886
Net Income for the quarter	-	-	-	-	171,639	171,639
Balance at March 31, 2010	115,000,000	110,000,000	P 110,000,000	P 1,509,641	(P39,924,116)	P 71,585,525

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Cash Flows
For the 3-month periods ended March 31, 2011 and 2010

	Jan - Mar 2011	Jan - Mar 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	(722,185)	245,198
Adjustments for:		
Depreciation and amortization	914	1,226
Interest income	(10,350)	(13,393)
Operating income before working capital changes	(731,621)	233,031
Decrease (Increase) in trade and other receivables	(321,530)	(1,302,637)
Decrease (Increase) in prepayments and other current assets	(67,422)	132,114
Increase (Decrease) in trade payables and other payables	1,050,892	1,420,063
Increase retirement benefit obligation	13,750	31,922
Cash Generated from (used in) Operations	1,951,508	514,493
Income tax expense (Cash paid for income taxes)	216,656	(73,559)
Net Cash From (Used in) Operating Activities	**2,168,164**	**440,934**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	10,350	13,393
Net Cash From (Used in) Investing Activities	**10,350**	**13,393**
NET INCREASE (DECREASE) IN CASH	**2,178,514**	**454,327**
CASH AT BEGINNING OF YEAR	**811,259**	**2,875,110**
CASH AT END OF PERIOD	**2,989,773**	**3,329,437**

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule of Aging of Accounts Receivable Trade
As of March 31, 2011

Client	Current	1 - 30 days	31 - 60 days	61 - 90 days	Overdue	Total
Extraordinary (EDC)	-				343,288	343,288
First Advance Corp(FADC)	-				946,825	946,825
Earth+Style (ESC)	-				338,666	338,666
Acerhomes (ADC)	2,491,377			594,231	-	3,085,608
Earth Aspire (EAC)	0				-	0
Earth Prosper (EP)	-				147	147
Verdant Point (VPC)	10,615,963	7,958,842	8,332,274	665,334	30,677,195	58,249,609
Kaiser Realty (KRDC)	-				1,071,230	1,071,230
One Asia (OADC)	-				-	-
Total	13,107,340	7,958,842	8,332,274	1,259,565	33,377,353	64,035,374

Item 1.5. Earnings Per Share

The Company's earnings per share is presented on the face of the Income Statements on page 5 of this report. Said earnings per share is computed by dividing net income by the number of outstanding common shares.

Item 1.6. Disclosure that the issuer's interim financial report is in compliance with the accordance with generally accepted accounting principles in the Philippines as set forth in PFRSs

The interim financial report of the Company is in compliance with accordance with generally accepted accounting principles in the Philippines as set forth in PFRSs

Item 1.7. Notes to Financial Statements

Item 1.7.a. Accounting Policies and Methods

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements. The principal accounting policies adopted in preparing the financial statements of the Company are as follows:

1. The financial statements have been prepared in accordance with generally accepted accounting principles in the Philippines as set forth in PFRSs.
2. The financial statements have been prepared on a historical cost basis. The measurement bases are more fully described in the accounting policies below.
3. The financial statements are presented in Philippine pesos, the Company's functional currency, and all values represent absolute amounts except when otherwise indicated.
4. Financial assets are classified into financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company's financial assets, which consist mainly of cash and trade receivables, are recognized on their trade date and are initially recognized at fair value, plus transaction costs.

5. 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 balance sheet date which are classified as non-current assets.
   Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in their value is recognized in profit or loss. Loans and receivables are presented as Trade and Other Receivables in the balance sheets.
   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 asset's carrying amount and the present value of estimated cash flows.
6. 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.

7. Construction materials are valued at the lower of cost and net realizable value. Cost of construction materials is based on purchase cost on a moving average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

8. Property and equipment are stated at cost less accumulated depreciation, amortization and impairment in value, if any. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use.
   Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

9. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Construction equipment	5-10 years
Transportation equipment	5 years
Furniture and fixtures	3 years

   Leasehold improvements are amortized over 3 years or the term of the lease, whichever is shorter.

   The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.
   An item of property and equipment 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 statement of income in the year the item is derecognized.
   The Company's property and equipment are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
   An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro rata to the other assets in the cash generating unit.

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

10. Investment property is stated at cost less any impairment in value. The cost of investment property 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 maintenance are charged to expense as incurred. When investment property are sold, retired or otherwise disposed of, their cost and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in income for the period.
    The carrying amount of investment property is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
    The Company determined whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generated cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

11. Non-Current Asset Classified as Held-for-sale include investment property that the Company intends to sell within one year from the date of classification as held-for-sale.
    Non-current asset classified as held-for-sale is measured at the lower of its carrying amount, immediately prior to the classification as held-for-sale, and its fair value less costs to sell. The profit or loss arising from the sale or revaluation of held-for-sale assets is recognized in the income statement.

12. Financial liabilities include bank loans and trade and other payables. Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in the statement of income under the caption Finance Costs.
    Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.
    Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through discharge, cancellation or expiration.

13. Revenue and Cost Recognition. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific revenue recognition criteria must also be met before revenue is recognized:

    - Revenues and costs from contracts – Revenue is recognized based on actual work done which is consistent with the percentage-of-completion method. Under this method, revenues are recognized in proportion to the 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 are recognized based on actual costs incurred. Adjustments in the contract price or the estimated costs are recorded prospectively when they become known while anticipated losses on the contracts are recorded in full when determined.
    - Rental income – Revenue is recognized when the amount of the agreed rent is billed and earned.
    - Scrap sales – Revenue is recognized when the title of the scrap construction materials passes to the buyer.
    - Forfeiture income – When the performance of contractually agreed tasks is not completed by the subcontractors at the specified time in the contract, a portion of the retention fees payable is forfeited and recognized as income.

Cost and expenses are recognized in the statement of income upon utilization of the service or at the date they are incurred. Finance costs are reported on an accrual basis.

14. 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 the statement of income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.
    Company as lessor – Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in the statement of income on a straight-line basis over the lease term. Indirect costs incurred by the lessor in negotiating and arranging for an operating lease is added to the carrying amount of the leased asset and recognized as expense over the lease term.

15. *Retirement Benefit Obligations*
    The Company has not established a formal retirement plan. However, it recognizes the estimated defined benefit obligations (under Republic Act No. 7641, the "Retirement Act") using the Projected Unit Credit Method as computed by an actuary.
    A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension 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. The Company's defined benefit pension plan covers all regular full-time employees.
    The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.
    Actuarial gains and losses are not recognized as an expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in the statement of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

16. Income Taxes. Current income 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 balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of income.
    Deferred tax is provided, using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
    The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 assets can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statement of income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity

17. Equity. Capital stock is determined using the nominal value of shares that have been issued.
    Additional paid-in capital includes any premiums received on the initial issuing of capital stock. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.
    Retained earnings include all current and prior period results as disclosed in the statements of income

Item 1.7.b. Comments about the seasonality or cyclicality of interim operations

For the past few years, the Company's construction activities are sluggish during the first (1^{st}) quarter. It peaks starting on the summer months, that is, during the second (2^{nd}) to the third (3^{rd}) quarter of the year. There are instances, however, when the Company is still active in its construction projects during the last quarter of the year especially when the Developers accumulate their inventory in time for the influx of buyers in December. For the first (1^{st}) quarter of the current year, this cyclicality was evident. For the 2^{nd} quarter, the Company's revenue will increase since new contracts were awarded and the construction has begun.

Item 1.7.c. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidents

See Item 2.2.e

Item 1.7.d. Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have material effects in the current interim period

There were no changes in estimates reported in prior periods which could materially affect the current interim period.

Item 1.7.e. Issuances, repurchases and repayments of debt and equity securities

For the 1st quarter of this year, there were neither payments nor availments of interest-bearing loans. Likewise, there were no issuances, repurchases or repayments of equity securities.

Item 1.7.f. Payment of dividend

There were no dividends paid during the first quarter of the year.

Item 1.7.g. Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting

As of March 31, 2011, the Company has not yet started any real estate development projects. Currently, the Company is continuously engaged in the business of construction, its sole business activity where it utilizes the services of subcontractors. Hence, no segment information and disclosures are presented in the Company's financial statements.

Item 1.7.h. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There are no material events subsequent to March 31, 2011 that have not been reflected in the financial statements for the three (3)-month period covered January to March 31, 2011.

Item 1.7.i. Effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition, or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

There were no changes in the composition of the Company during the interim period.

Item 1.7.j. Changes in contingent liabilities or contingent assets since the last annual balance sheet date

There were no changes in contingent liabilities or contingent assets since December 31, 2010.

Item 1.7.k. Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period

There are commitments, guarantees and contingent liabilities relating to construction projects entered into by the Company that arise in the normal course of business which are not reflected in the interim financial statements. Management believes, however, that any loss that could arise from these commitments and contingencies will not have a material effect on the Company's financial statements as of and for the three-month period ending March 31, 2011.

Following are the Schedules required under SRC Rule 68.1-M:

Schedule A – Marketable Securities

The Company has no marketable securities. Thus, the schedule is omitted.

Schedule B – Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

As of March 31, 2011

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected (2)	Current	Not Current	Balance at End Of Period
Related Parties:						
City and Life Property, Inc.	2,941,929	-	-	2,941,929	-	2,941,929.00
Prosperity Builders Resources	663,839	-	-	663,839	-	663,839.00
Supreme Housing Builders	1,692,254	-	-	1,692,254	-	1,692,254.00
Total	5,298,022	-	-	5,298,022	-	5,298,022

Schedule C – Non-Current Marketable Equity Securities, Other Long-Term Investments in Stocks, and Other Investments

The Company has no Non-Current Marketable Equity Securities, Other Long-Term Investments in Stocks, and Other Investments. Thus, the schedule is omitted.

Schedule D – Indebtedness to Unconsolidated Subsidiaries and Related Parties

The Company has no indebtedness to Unconsolidated Sudsidiaries and Related Parties. Thus, the schedule is omitted.

Schedule E – Intangible Assets – Other Assets

The Company has no intangible assets. Thus, the schedule is omitted.

Schedule F – Long-Term Debt

The Company has no long-term debt. Thus, the schedule is omitted.

Schedule G – Indebtedness to Related Parties

The Company has no indebtedness to related parties. Thus, the schedule is omitted.

Schedule H – Guarantees of Securities of Other Issuers

The Company has no guarantees of securities of other issuers. Thus, the schedule is omitted.

Schedule I – Capital Stock

As of March 31, 2011

				No. of shares held by		
Title of Issue	**No. of shares authorized**	**No. of shares issued and outstanding**	**No. of shares reserved for options, warrants, conversion and other rights**	**Related parties**	**Directors, officers and employees**	**Others**
Common	155,000,000	110,000,000		12,160,000	44,015,000	53,825,000

Note: Certain officers, directors and stockholders of these related parties purchased shares of stock in the Company's initial public offering.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 2.1. Comparable discussion that will enable the reader to assess material changes in financial condition and results of operation since the end of the last fiscal year and for the comparable interim period in the preceding financial year

Financial Condition

Total Assets

The Company's total assets amounted to P 90.37M as of March 31, 2011, 0.62% higher than the December 31, 2010 figure of P 89.81M. There was a minimal change on the total assets of the company since it has no unusual business transactions. The increase was brought about by the increase in cash balance and trade receivables. The Held-to-maturity investment is invested in the money market placement and becomes part of the Cash account. Other accounts almost the same.

Property and Equipment

Property and equipment as of December 31, 2010 amounted to P 5.48K. It dropped to P4.57K as of March 31, 2011, a 16% decrease. The decrease was due to provision for regular monthly depreciation and amortization of the company's property and equipment and other assets. Moreover, the Company employs subcontractors that can provide the necessary equipment.

Total Liabilities

The Company's total liabilities as of March 31, 2011 amounted to P 25.96M, a 4.30% increase as compared to the December 31, 2010 balance of P 24.90M. The increase was primarily brought by the increase of advances from customer for the down payment made for newly awarded contracts in 2010. However, there was a decrease in retention fees due to collection thereof.

Liquidity

The Company posted a current ratio of 3.59:1 as of March 31, 2010 lower than the 3.72:1 current ratio as of December 31, 2009. The slight decrease can be attributed to the recoupment of advances from customers taken from the company's collections from its clients.

Leverage

Debt-to-equity ratio as of March 31, 2011 was determined to be 0.40:1 higher than the 0.38:1 ratio as of December 31, 2010. The increase was brought about by the increase on the advances from customer accounts. However, the equity portion increased only by the meager income earned for the given period.

Results of Operation

Revenues

Revenues from contracts for 2011Q1 amounted to P 0.82M, 96.39% lower than the P 22.59M in 2010Q1. The decreased can be attributed to lower construction activities for the first quarter of the year 2011 particularly due to the completion of projects in the year 2010. Moreover, contract revenues for the 2011Q1 were generated from the Green Breeze projects in Montalban, Rizal

Gross Profit

Gross profit from construction contracts dropped by 90.94% from P 1.78M in 2010Q1 to P 0.16M in 2011Q1. On the other hand, gross profit ratio had increased from 8.00% in 2010Q1 to 20.00% in

2011Q1. Thus, the decrease on the contract revenue for 2011Q1 resulted to lower gross profit though there was an increase in the gross profit ratio.

Cost and Expenses

Costs and expenses for 2011Q1 amounted to P 1.55M, 93.076% lower than the P 22.35M in 2010Q1. Cost of services for 2011Q1 comprised 42.30% of the total costs and expenses. Cost of services decreased by 92% from P 20.81M in 2010Q1 to P 0.66M in 2011Q1. The decrease was primarily brought about by the decrease in revenue generated in 2011Q1

For the total operating expenses, 2011Q1 amounted to 0.89M, 42.26% lower than the 2010Q1 of 1.55M. The decrease was primarily brought about by the lower salaries and wages and related cost due to the decrease in manpower as the company began restructuring its organization.

Operating Profit (Loss)

As a result of the foregoing, operating profit (loss) in 2011Q1 amounted to (P 0.73M) from P 0.23M in 2010Q1. Correspondingly, operating margin (loss) ratio from 1.03% in 2010Q1 to (416.01%) in 2011Q1. The decrease can be attributed to the lower revenue generated by the Company in 2011Q1 as discussed under revenue above.

Other Income / Charges

No financing costs incurred in 2010Q1 and in 2009Q1 since there was no interest-bearing loans for the given quarter.

Other gains decreased from P 13.39K in 2010Q1 to P 10.35K in 2011Q1, the decrease can be attributed to the lower interest earned in the 2011Q1.

Net Income (Loss)

As a result of the lower revenue this 2011Q1, net income decreased from P 17K in 2010Q1 to (P 505K) in 2011Q1. This likewise resulted to the decrease of net income (loss) ratio of 0.76% in 2010Q1 to (61.91%) in 2011Q1. Finally, this translated into earnings (loss) per share of (P0.0046) in 2011Q1 from P0.0016 in 2010Q1.

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.

For 2011Q1, the Company posted an ROI of 0.16% compared to the 2011Q1 ROI of (0.0046%). The decrease in ROI can be attributed to the lower revenue and net loss generated for the given period.

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 equipments. 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.

The Company posted a fixed assets turnover rate of 162 times in 2011Q1 higher than the 58 times in the same period of the year 2010Q1. The increase in the fixed assets turnover rate can be attributed to the lower average fixed assets base in the period of 2011Q1 due to the sale of property and equipment made in the year 2010 which resulted to lower average fixed assets in the year 2010 though the sales revenue for the given periods is lower in 2011.

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.

Current ratio as of March 31, 2011 was computed at 3.54:1 lower than the 3.67:1 ratio at the beginning of the year. The slight decrease can be attributed to the increase in the other payables and accrued expenses..

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.

Debt-to-equity ratio as of March 31, 2011 was determined to be 0.40:1 slightly higher than the 0.38:1 times as of December 31, 2010. The slight increase was brought about by the increase on the other payables and accrued expense accounts. Likewise, the equity portion decreased due to net loss incurred by the Company in 2011Q1.

Item 2.2. 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:

2.2.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.

2.2.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.

2.2.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

The 1st quarter of the year 2010, the Company generated its revenue from construction activities. 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.

2.2.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.

2.2.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)

Balance Sheets Items:

Account Title	*As Of* 31-Mar-11	31-Dec-10	Inc/(Dec) Amount	%	Remarks
Cash & cash equivalents	2,989,773	811,259	2,178,514	269%	The held-to-maturity investment was deposited in money market placement in March 2011 and it is now part of this account
Held-to-maturity investment	-	2,007,440	(2,007,440)	-100%	This was deposited to money market placement in March 2011
Property & equipment	4,567	5,481	(914)	-17%	Decrease pertains to the monthly depreciation expenses/

Income Statement Items:

Account Title	For the Quarter Ending 03.31.11	03.31.10	Inc/(Dec) Amount	%	Remarks
Revenues	816,508	22,587,180	(21,770,672)	-96%	Lesser revenue were generated for 2011Q1 due to completion of contracts in 2010 while new contracts were only started in April 2011
Contract Cost	655,227	20,807,310	(20,152,083)	-97%	The decrease is caused by lesser construction activities as reflected in the above revenue item since this item is variable in nature
Administrative Expenses	705,225	1,337,197	(631,972)	-47%	The decrease in 2010Q1 was due to the decrease in manpower
Other operating expenses	188,592	210,868	(22,276)	-11%	The decrease in 2011Q1 was caused by the decrease in subscription fees and miscellaneous accounts
Other gains - net	10,350	13,393	(3,043)	-23%	Lower interest earned for 2011Q1 due to lower interest rate in 2011

2.2.f. Any seasonal aspects that had a material effect on the financial condition or results of operations

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

PART II--OTHER INFORMATION

NONE

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer **SUPERCITY REALTY DEVELOPMENT CORPORATION**

Date............................

Principal Financial/Accounting Officer/Controller

Cunanan

Signature and Title ______________________________/ **MR. ENRIQUE C. CUNANAN**
ADGM-Finance & Admin

Date ....May 13, 2011