

SEC Number
File Number

A200008385

**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, 2014

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, 2014**
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. **41ST FLOOR JOY NOSTALG BUILDING, ADB AVENUE**
ORTIGAS CENTER, PASIG CITY **1605**
Address of principal office Postal Code
8. **(632)6387779**
Issuer's telephone number, including area code
9. **UNIT 1223 CITY & LAND MEGA PLAZA, ADB AVE.**
CORNER GARNET ROAD, ORTIGAS CENTER, PASIG CITY
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

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

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

Yes [X] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE **COMMON STOCK**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**]

No []

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

Yes [**X**]

No []

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

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

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

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Company Background

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

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

History

The Company traces its beginnings to the early part of 2000, when a group of Filipino professionals that were formerly connected with Extraordinary Development Corporation decided to organize a construction services company. They envisioned their new company to cater to real estate developers that were focused on acquiring, developing, marketing and selling real estate end products rather than undertaking their own construction work. The incorporators of the Company that have remained as shareholders include; (a) Ferdinand Soliman, an engineer with 25 years of experience in the field of construction, planning and design, (b) Mylene Lim, an architect who has more than twenty (22) years of experience in the area of procurement of construction materials, (c) Wilfredo Uy, a certified public accountant (CPA) who gained expertise in the accountancy field through his 20 years practice as a CPA, and (d) Nimfa Leonco, who is currently connected with Asia Pacific Timber & Plywood Corporation.

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

Corporate Objectives

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

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

Vision-Mission

Mission Statement

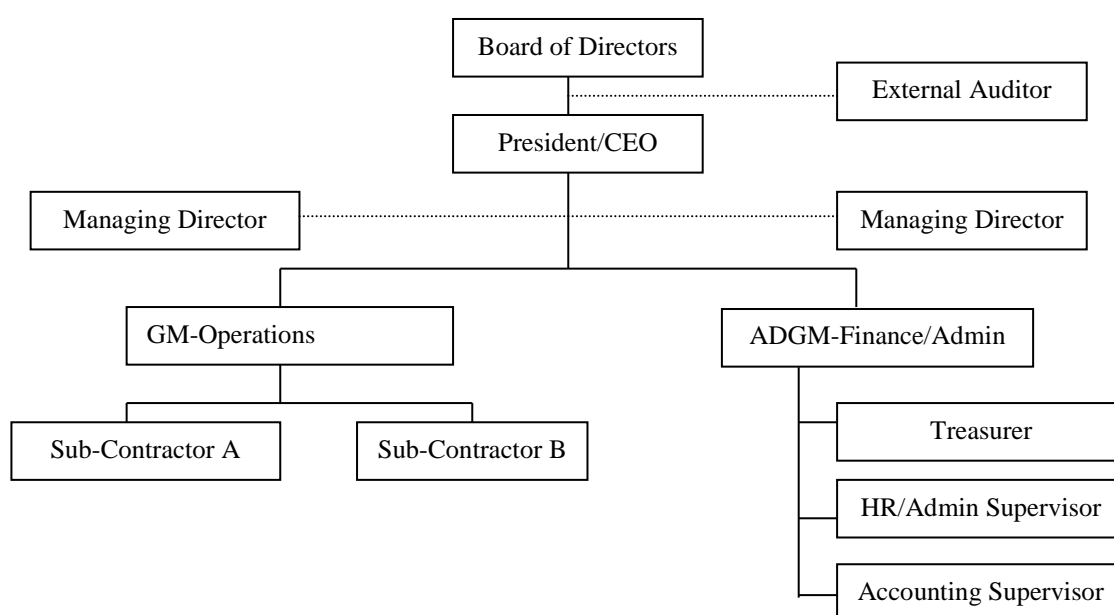
We are a leading construction company engaged in mass housing business providing total customer satisfaction using innovative and cost effective technology with the timely delivery of quality products and services.

Vision Statement

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

Organizational Structure

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



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

A. Operations Group

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

B. Finance and Administration Group

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

Senior Management

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

Ad Hoc Committees

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

Operations

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

A. Contract Bidding and Signing

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

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

B. Project Implementation

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

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

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

5. Conduct of ocular inspection to ensure quality and timely delivery of the project
6. Turnover of the project to the client upon completion

C. Collections

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

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

The major steps in collections are as follows:

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

D. Accreditation of Subcontractors

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

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

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

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

Products and Services

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 2014 are presented in the chart below.

Services	Amount	%
Land Development	6,712,337	36%
Specialty/Miscellaneous Works	11,877,857	64%
Total	18,590,194	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
<i>For Housing Construction Projects</i>	
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
<i>For Land Development Projects</i>	
1. Concrete Pipes	Allied Concrete Products
2. Lastillas and Boulders	Maeann Enterprise
3. Escombros	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 2014, the Company has outstanding contracts as follows:

PROJECT NAME	LOCATION	AMOUNT
Mayflower County	Gen. Trias, Cavite	13,303,200
Porchview	Binan, Laguna	14,220,000
Total		27,523,200

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, 2014, the Company had a total of 5 full time employees. Among the Company's employees, 3 are regular employees while 2 are contractual. A summary of the different categories of the Company's employees is as follows.

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

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

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

B. Subcontractors

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

The major subcontractors of SRDC include (a) FAMEC, (b) Retro Konstrukt (c) L.C.O Builders, (d) Equilibrium Engineering, (e) Modern Innovation Construction, (f) TJTJ Construction and Supplies, (g) J.C. Rodriguez Construction Corp., (h) CSE Builders, (i) E. Bolivar Construction, (j) Gazam Trading, (k) W.C. Fuerte Construction, (l) Red Carmel Construction, (m) MMJF Builders and Trading, (n) F.T. Ortiz Builders, Inc., (o) Starlink Builders, (p) Val-dap Construction and (q) Arcea Builders.

Technology

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

A. Steel Wall Form System and T-joist System

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

The steel wall form system combined with T-joist system has several advantages over the conventional CHB system in terms of construction time, cost, durability, aesthetic finish and overhead cost. The

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

B. MegaSystem

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

The following modules of the software are fully integrated:

- Project estimating
- Purchasing and inventory management
- Accounts payable and receivable management
- Sub-contractors management
- General ledger

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

Assessment and Management of Risk

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

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

The Company's reliance on its few existing clients poses another risk since the loss of any of these clients could have a material adverse impact on the Company. In 2013, the Company has added two (2) new clients.

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 **₱13,000.00**. The lease is for a term of 6 months, or until December 31, 2014, renewable under such terms and conditions agreed upon by both parties. In 2015, the Company transferred its office at 41st floor Joy Nostalg Center, ADB Avenue, Ortigas Center, Pasig City.

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. Moreover, the Company has no plan to acquire additional properties in the next twelve (12) months.

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 January 1, 2011:

Quarter	High	Low
Jan – March 2011	0.80	0.80
Apr – June 2011	0.80	0.80
July – Sept 2011	0.80	0.80
Oct – Dec 2011	0.80	0.80
Jan – March 2012	0.80	0.80
Apr – June 2012	0.80	0.80
July – Sept 2012	0.80	0.80
Oct – Dec 2012	0.80	0.80
Jan – March 2013	0.80	0.80
Apr – June 2013	0.80	0.80
July – Sept 2013	0.80	0.80
Oct – Dec 2013	0.80	0.80
Jan - March 2014	0.80	0.80
Apr – June 2014	0.80	0.80
July – Sept 2014	0.80	0.80
Oct – Dec 2014	0.80	0.80
Jan – March 2015	0.80	0.80
Last practicable trading date April 12, 2015	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 March 31, 2015 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

<i>Amounts are in thousand pesos except per share figures</i>		
Key Operating and Financial Indicators	Audited Figures	
	2014	2013
Income Statement Data		
Revenues	18,590	6,092
Cost and Expenses	18,177	46,600
Income/(loss) From Operations	(40,508)	(40,508)
Net/(loss) Income	414	(40,497)
Balance Sheet Data		
Current Assets	39,812	37,486
Property and Equipment	4	55
Held-to-maturity Investment	-	-
Total Assets	39,816	37,545
Total Liabilities	34,519	32,630
Stockholders' Equity	5,297	4,915
Per Share Data		
Earnings (Loss) per Share*	0.004	(0.368)
Book Value per Share**	0.045	0.044

* Based on Weighted Ave. No. of Outstanding Common Shares

** Based on Outstanding Common Shares as of Year-end

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

The Company, also under PFRS, recognized its obligation under post-employment defined benefit plan computed by an actuary determined using the projected unit credit method. The adoption of the related new standard resulted in the recognition of transitional liability amounting to P 965,022 as of January 1,

2004. This transitional liability was fully recognized retrospectively in the Company's opening PFRS balance sheet. This also resulted in the recognition of additional defined benefit expense in 2004 amounting to P 394,908. Correspondingly, the deferred tax expense recognized by the Company due to the temporary differences arising from full recognition of defined benefit obligation amounted to P 435,178 in December 2004 and P 308,807 in January 2004. As of December 31, 2011, the defined benefit obligation recognized in the books amounted to P486,138 as compared to the P452,899 balance as of December 31, 2010. The increase is due to the accrual of obligation pertaining to the year 2011. As of December 31, 2012 and 2013 this account amounted to P545,070 and P594,839, respectively, reported under non-current liability.

For the year 2014, the following projects were accomplished by the Company:

Services	Amount	%
Land Development	6,712,337	36%
Specialty/Miscellaneous Works	11,877,857	64%
Total	18,590,194	100%

2014 Performance

Revenues

In 2014, the Company generated P18.59M contract revenues, 205% lower than previous year revenue of P6.09M. This revenue came from land development projects located at Porchview and Mayflower projects in Binan, Lugan and General Trias, Cavite, respectively.. Total revenues generated from these projects amounted to P 18.59M.

Gross Profit

Gross profit from construction contracts amounted to P2.87M, 15.42% higher than the previous year's P1.06M. The gross profit ratio decreased from 17.41% to 15.42%. This is due to the increase in cost of sales for the year 2014.

Cost and Expenses

Construction cost increased by 83% from P 5.03M in 2013 to P 15.72 in 2014. The increase in cost can be attributed to the increase in revenue since this account is variable in nature. Administrative expenses decreased from P 40.05M in 2013 to P 1.5M in 2014 due to the recognition of impairment loss recognized in 2013.

Income (Loss) from Operations

Income (Loss) from operations amounted to P0.077 and (P40.50M) in 2014 and 2013, respectively. Operating margin (loss) likewise increased to 0.42 in 2014 from (66%) in 2013. The losses in 2013 can be attributed to the impairment loss recognized by the Company.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of P0.29 and (P 28.35M) in 2014 and 2013, respectively. Correspondingly, net income (loss) ratio is 1.56% and (465%) in 2014 and 2013, respectively. Earnings (Losses) per share likewise increased from (P 0.2578) in 2013 to P0.0026 in 2014.

Total Assets

Total assets increased by 6.05% from P37.55M in 2013 to P 39.12M in 2014. The increase was due to the increase in of some financial assets and collections of receivables. The total of other current assets also increased particularly the advances to sub-contractors and suppliers due to recoupment thereof. However, the item Creditable Withholding Taxes account classified under other current assets increased as the Company was not able to apply thereof against income tax liability due net loss.

Liquidity

Current ratio decreased from 1.18:1 in 2014 to 1.17:1 in 2013. This can be attributed to the increase in the current assets accounts such as trade receivables and advances to contractors and suppliers. Moreover, trade and other payable accounts decreased.

Leverage

The Company posted a debt-to-equity ratio of 6.52:1 in 2014 and 6.64:1 leverage ratio in 2013. The decrease can be attributed to the increase in financial liability of the company.

2013 Performance

Revenues

In 2013, the Company generated P6.09M contract revenues, 83.31% lower than previous year revenue of P36.51M. This revenue came from land development projects located at Eastwood Residences in Rodriguez, Rizal and Green Breeze project also in Rodriguez, Rizal. Total revenues generated from these projects amounted to P 6.09M.

Gross Profit

Gross profit from construction contracts amounted to P1.06M, 84.99% lower than the previous year's P7.07M. The gross profit ratio decreased from 17.41% to 19.36%. This is due to the decrease in revenue generated in 2013.

Cost and Expenses

Costs and expenses increased by 6.67% from P 43.69M in 2012 to P 46.60M in 2013. The increase in cost, particularly for the impairment of financial assets recognized in 2013. Administrative expenses increased from P 12.06M in 2012 to P 40.05M in 2013 due to the recognition of impairment loss recognized in 2013.

Income (Loss) from Operations

Income (Loss) from operations amounted to (P7.15M) and (P40.50M) in 2012 and 2013, respectively. Operating margin (loss) likewise decreased to (664%) in 2013 from (19.66%) in 2012. The losses in 2013 and 2012 can be attributed to the impairment loss recognized by the Company.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of (P 40.50) and (P 7.15M) in 2013 and 2012, respectively. Correspondingly, net income (loss) ratio is (664%) and (19.59) in 2013 and 2012, respectively. Earnings (Losses) per share likewise increased from (P 0.065) in 2012 to (P0.368) in 2013.

Total Assets

Total assets decreased by 44.98% from P 68.24M in 2012 to P 37.55M in 2013. The decrease was due to the impairment of some financial assets, collections of receivables and retirement of other assets. The total of other current assets also decreased particularly the advances to sub-contractors and suppliers due to recoupment thereof. However, the item Creditable Withholding Taxes account classified under other current assets increased as the Company was not able to apply thereof against income tax liability due net loss.

Liquidity

Current ratio decreased from 3.06:1 in 2012 to 1.17:1 in 2013. This can be attributed to the decrease in the current assets accounts such as trade receivables and advances to contractors and suppliers. Moreover, trade and other payable accounts increased.

Leverage

The Company posted a debt-to-equity ratio of 6.64:1 in 2013 and 0.50:1 leverage ratio in 2012. The decrease can be attributed to the decrease in financial assets of the company due to recognition of impairment loss.

2012 Performance

Revenues

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

Gross Profit

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

Cost and Expenses

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

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

Income (Loss) from Operations

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

Net Income (Loss)

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

Total Assets

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

Liquidity

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

Leverage

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

Key Performance Indicators

Return on Investment (ROI)

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

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

20.90%, 16.00% and 23.10% were incurred, respectively. Likewise in 2010 and 2011, negative ROI of 5.9% and 11.2%, respectively, were incurred. In 2012, 2013 and 2014, an ROI of -6.50%, -.36.82%, and .26%, respectively, was posted.

Fixed Assets Turnover

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

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

The fixed assets turnover rate for 2001 was 14.63 times. As mentioned earlier, this figure would be dropped in determining the historical average. The Company has decided to use the historical average of the fixed assets turnover rate for 2003 and 2002, which is, 33.56 times, as its benchmark. The fixed assets turnover rate of 32.51 times and 34.61 times, for 2003 and 2002, respectively, are at par with the set hurdle rate. This can be attributed to the high level of revenues generated during the said period. In addition, the Company has not acquired its construction equipments yet. From the start of operations up to 2003, the Company leased a majority of its construction equipments under an operating lease thereby resulting to a small asset base. In 2004, however, the Company's fixed assets turnover rate dropped to 12.30 times, 62% lower than the previous year rate. In 2005, the fixed assets turnover rate further dropped to 10.15 times, 17% lower than that of 2004. The decline was caused by the marked increase in fixed assets brought about by the acquisition of construction facilities, land development equipment, collapsible barracks, stockyards and container vans, and by the establishment of a batching plant. These were acquired in the first quarter of 2004 and the Company is still in its initial stages of recovering the cost of acquiring the said assets. The assets turnover rate improved from 10.15 times in 2005 to 11.07 times in 2006 to 14.15 times in 2007 despite of diminishing sales revenue generated merely because of the decrease of the net carrying value of the company's fixed asset. Likewise in 2008, 2009, 2010, and 2011 it improved to 22.88, 220.6, 7,582, and 6,309 times, respectively, merely due to the decrease in the ending balance of the fixed asset account despite of the decrease in revenue. In 2012, 2013 and 2014, the fixed assets turnover rate was posted at 3,276 times, 372 and 4 times, respectively.

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 than the previous year's and 33.46 days in inventory, still quite long compared with the hurdle rate of 10.65 days. In 2006, the inventory turnover rate posted to only 7.83 times, 27.26% lower than the previous year's and 45.98 days in inventory,. In 2007, the inventory turnover rate further decreased to 5.89 times or 61.07 days in inventory due to lower sale revenue. However in 2008 and 2009, the company generated an inventory turnover rate of 8.25 and 9.59 times or 43.64 and 37.54 days in inventory, respectively, merely due to the decrease in the ending balance of inventory. In 2010, 2011, 2012, 2013 and 2014 the Company did not maintain inventory due to the awarding of contracts to its sub-contractors on a straight basis where the latter provides also the materials.

Current Ratio

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

In 2001, the Company's operations resulted to a 0.72:1 current ratio. The Company was just on its first full year of operations in 2001 and was still building up its asset base. Thus, similar to the above performance indicators, the 2001 figure was not included in determining the historical average. The historical average for 2003 and 2002 of 1.54:1 will be set as the hurdle rate. It was only in 2002 that the Company's current ratio of 1.29:1 fell below the benchmark. Although already 79% higher than the 2001 figure, it is still 16% short of the hurdle rate. In 2003, current ratio started to improve as a result of the initial public offering (IPO) in December. With the P 55M proceeds from the IPO, cash balance as of year-end 2003 totaled P 62.3M, a 651% increase from the 2002 figure. This resulted to a current ratio of 1.78:1, 38% higher than the previous year ratio. In 2004, however, current ratio slid by 3% from the previous year resulting to a current ratio of 1.74:1. This was the result of the acquisition of construction equipments and the settlement of P 15M bank loan in the early part of the year. In 2005, the current ratio further improved to 1.90:1, 9.2% higher than the previous year. In 2006, the current ratio has improved further by 12.84% from 1.90:1 in 2005 to 2.14:1 in 2006. However, in 2007 the current ratio posted at 1.91:1, the decrease can be attributed to the decrease in the current asset account particularly the trade receivables due to recognition of impairment thereof. In 2008, it posted at 2.10:1. The increase can be attributed to the payment of company's interest-bearing loan and in the increase of the ending balance of cash and cash equivalents. In 2009 and 2010, it posted at 4.20:1 and 4.29:1, respectively. This can be attributed to the decrease in the current assets accounts such as trade receivables and advances to contractors and suppliers. While in 2011, it posted at 2.79:1 due to the increase in trade and other payables accounts particularly for the advances from clients. In 2012, 2013 and 2014, current ratio was posted at 3.06:1, 1.17 and 1.18, respectively.

Debt to Equity Ratio

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

The historical average debt-to-equity ratio for the years 2003 and 2002 was 0.96:1, very close to the ideal 1:1 ratio. The 2001 leverage ratio was dropped to be consistent with the other performance indicators which considered only the years 2003 and 2002 in computing the average. In 2001, debt-to-equity ratio reached a high of 3.02:1 because the Company had to borrow from the banks to support its operations. Capital stock was not yet fully paid as of that time. The following year, 2002, debt-to-equity ratio dropped by 62% and resulted to a leverage ratio of 1.14:1. The marked improvement in the debt-to-equity ratio was brought about by the settlement of P 21.5M bank loan. In addition, the unpaid subscriptions were paid by the stockholders in April 2002 and retained earnings increased by 293% from P 2.0M in 2001 to P 7.8M in 2002. The debt-to-equity ratio was further reduced by 31% to 0.79:1 in 2003. The reduction was due to the additional subscription and full payment through the IPO of P 50M capital stock. Also, the level of retained earnings almost doubled from P 7.8M in 2002 to P 13.3M in 2003. In 2004, P 15M bank loan was settled in the early part of the year while retained earnings increased by 70% from P 13.3M in 2003 to P 22.7M in 2004. This resulted to a debt-to-equity ratio of 0.68:1, a 14% drop from the previous year ratio. In 2005, the debt-to-equity ratio posted at 0.61:1, 10% drop from the previous year's due to lower liability particularly the trade payable account where the liquidation of advances to suppliers were made. In 2006, the debt-to-equity ratio posted at 0.55:1, a 12% drop from the previous year's due to lower liability account particularly the trade payables account. In 2007, 0.62:1 debt-to-equity ratio was posted. In 2008, 2009 and 2010, a 0.59:1, 0.325:1 and 0.312:1 debt-to-equity ratios were posted, respectively. In 2011, 2012, 2013 and 2014 it posted at 0.57:1, 0.50:1, 6.64:1 and 6.52:1, respectively. With the most recent debt-to-equity ratio, creditors are still fully covered.

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

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

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

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

There are no material commitments for capital expenditures.

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

For the year 2013, the Company generated small revenue from construction activities due to completion of old project. The Management expects that Company will still continue to engage in construction until such time that its plan to engage into real estate business is pursued.

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

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

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

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

Balance Sheets Items:

Account Title	As Of		Inc/(Dec)		Remarks
	12/31/2014	12/31/2013	Amount	%	
Cash & cash equivalents	4,281,487	2,662,154	1,619,333	61%	Increase was due to payment for administrative expenses for the current year
Trade and other receivables - Non-current	-	47,200	(47,200)	- 100%	Decrease was due to the settlement of the account/
Property and equipment - net	4,092	12,277	(8,185)	-67%	Due to recognition of depreciation, there were no fixed assets acquired this year
Due to Related Parties	9,033,596	7,235,497	1,798,099	25%	Additional non-interest bearing loan was made
Retirement Obligation	645,064	594,839	50,225	8%	Increase due to recognition of retirement obligation for the current year

Income Statement Items:

Account Title	For the Year Ended		Inc/(Dec)		Remarks
	12/31/2014	12/31/2014	Amount	%	
Revenues	18,590,194	6,092,349	12,497,845	205%	Increase was due to construction services rendered for the construction contracts awarded in 2014
Contract Cost	15,724,496	5,031,778	10,692,718	213%	The Increase is caused by higher construction activities as reflected in the above revenue item since this item is variable in nature
Gross Profit	2,865,698	1,060,571	1,805,127	170%	Due to higher revenue generated in 2014 as discussed above
Administrative Expenses	1,504,392	40,054,303	(38,549,911)	-96%	Decrease is due to the recognition of impairment loss in 2013
Operating Profit	77,799	(40,507,665)	40,585,464	- 100%	Increase due to higher revenue generated in 2014Q as discussed above
Income Before Tax	413,517	(40,507,665)	40,921,182	- 101%	Increase due to higher revenue generated in 2014Q as discussed above
Tax Expense	124,055	(12,152,300)	12,276,355	- 101%	Increase due to higher revenue generated in 2014Q as discussed above
Net Income	289,462	(28,355,366)	28,644,827	- 101%	Increase due to higher revenue generated in 2014Q as discussed above

Item 7. Financial Statements

Included in this report are the audited Comparative Financial Statements of the Company for the years ended December 31, 2012, 2013 and 2014.

Item 8. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

	2014	2013
Audit and Audit-Related Fees	360,000	360,000
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, 2014, 2013 and 2012, including the notes thereto, were audited by Punongbayan & Araullo. There were no disagreements with the auditing firm on accounting and financial disclosures.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors

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

Ferdinand Z. Soliman, 51, Chairman and President. Mr. Soliman is a Filipino citizen, and is a member of the board and has been its Corporate Secretary since the Company's incorporation. He became Managing Director in January 2002. In addition, he became a member of the Nomination Committee and of the Compensation and Remuneration Committee on May 12, 2004 and June 30, 2004, respectively. Mr. Soliman graduated from the Holy Angel University in 1985 with a Bachelor of Science degree in Civil Engineering. He also completed the Applied Business Economics Program from the University of Asia and the Pacific in 2002. He is a director of GPS Measurement. He was formerly affiliated with GP Construction & Development Corporation as CE Aide (1983 to 1984); Torre Planning & Design as Surveyor (1984 to 1985); Nico Construction as Project Engineer (1986 to 1988); White House Development Corporation as Section Head (1988 to 1993); Extraordinary Development Corporation as Project Manager (1994 to 1997); and Earth + Style Corporation as Department Head (1998 to 2001). He handles the Operations group of the Company.

Emelita M. Mangosing, 51, Corporate Secretary. Ms. Mangosing is a Filipino citizen, and is a member of the board since 2011 and became Corporate Secretary in June 2011. She graduated in 1985 from Central Polytechnic College presently known as Nueva Ecija University of Science and Technology with a Bachelor of Science degree in Civil Engineering. She is a licensed Civil Engineer with solid years of experience in construction industry. She served the Company for several years as Project Manager bringing with her more than 20 years of experience in construction and real estate project management. She is affiliated with Extraordinary Development Corporation as Head of the Procurement Management Unit. Moreover, she gained years of experience in construction with Golden Bay Realty Development Corporation as Head of the Quality Control Department and at Supreme Housing Builders as Project Manager.

Mylene T. Lim, 51, Treasurer. Ms. Lim is a Filipino citizen, and is a member of the board since the Company's incorporation and became Managing Director in January 2002 and Assistant Corporate Secretary during the June 30, 2004 Organizational Meeting of the Board of Directors. She graduated from the University of Mindanao in 1985 with a Bachelor of Science degree in Architecture. She completed her Masters in Business Administration at the Ateneo Graduate School in 2001. She was formerly affiliated with Extraordinary Development Corporation as Section Head – Purchasing Dept. (1987 to 1990), Department Head – Purchasing Dept. (1990 to 1998), Administrative and R&D Head – Construction Group (1998 to 2000), and AVP – Central Purchasing (2000 to 2001). She is in charge of the Finance and Administration group of the Company.

Noric Terence T. Ng, 40, Independent Director. Mr. Ng is a Filipino citizen, and is a director since January 23, 2002. He graduated from the Chiang Kai Shek College in 1997 with a Bachelor of Science degree in Computer Studies. He is currently an Assistant Plant Manager at Republic Biscuit Corporation.

Fernando Mamuyac, 50, Acting Deputy General Manager-Operation, Filipino, He was elected as a member of the Board during the June 2010 annual Stockholders' Meeting. Engr. Mamuyac served the Company since May 2001, bringing with him more than 20 years of experience in project management gained from the private construction and real estate companies. He graduated from the Technological Institute of the Philippines in 1989 with a Bachelor of Science degree in Civil Engineering. He had attended Executive Training Program and various seminars on leadership, accounting, computer, and other technical seminars from various institutions

The members of the board shall hold office until their successors are elected and qualified in their stead, or until they shall have resigned or shall have been removed. The annual stockholder's meeting shall be held on June 25, 2014.

Independent Directors

Ms. Liza S. Niedo, 44, Independent Director. Ms. Niedo is a Filipino citizen. She graduated from Polytechnic University of the Philippines in April 1990 with a Degree of Bachelor in Accountancy. She took up post graduate studies and completed her Masters in Business Administration at Jose Rizal University in April 2010. She gained her 20 years of experience in the accounting profession through her work in various companies such as Prosperity Builders Resources Inc. as Finance Head, First Advance Development Corporation as IT-Consultant, and Extraordinary Development Corporation. She currently works as Treasury Head in Extraordinary Development Corporation, a real estate company.

Engr. Roseller C. Anacito, 50, Independent Director. Engr. Anacito is a Filipino citizen. He graduated from University of Nueva Caceres in October 1986. He gained his 25 years of experience in project management from the private construction and real estate companies such as Extraordinary Development Corporation and City and Life Property Inc as Project Manager. He also served the company as Project Manager in year 2002 to 2008. He is currently working as Head of the Construction Management Department at First Advance Development Corporation, a real estate company.

Principal Officers

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

Ferdinand Z. Soliman, 51, Chief Executive Officer, heads the Operations unit. Mr. Soliman is a member of the board. He became Managing Director in January 2002. In addition, he became a member of the Nomination Committee and of the Compensation and Remuneration Committee on May 12, 2004 and June 30, 2004, respectively. Mr. Soliman graduated from the Holy Angel University in 1985 with a Bachelor of Science degree in Civil Engineering. He also completed the Applied Business Economics Program from the University of Asia and the Pacific in 2002. He is a director of GPS Measurement. He was formerly affiliated with GP Construction & Development Corporation as CE Aide (1983 to 1984); Torre Planning & Design as Surveyor (1984 to 1985); Nico Construction as Project Engineer (1986 to 1988); White House Development Corporation as Section Head (1988 to 1993); Extraordinary Development Corporation as Project Manager (1994 to 1997); and Earth + Style Corporation as Department Head (1998 to 2001). He handles the Operations group of the Company.

Mylene T. Lim, 51, Managing Director and Principal Financial Officer. Ms. Lim is a Filipino citizen, and is a member of the board since the Company's incorporation and became Managing Director in January 2002 and Assistant Corporate Secretary during the June 30, 2004 Organizational Meeting of the Board of Directors. Currently, she is also the elected Treasurer of the Company. She graduated from the University of Mindanao in 1985 with a Bachelor of Science degree in Architecture. She completed her Masters in Business Administration at the Ateneo Graduate School in 2001. She was formerly affiliated with Extraordinary Development Corporation as Section Head – Purchasing Dept. (1987 to 1990), Department Head – Purchasing Dept. (1990 to 1998), Administrative and R&D Head – Construction Group (1998 to 2000), and AVP – Central Purchasing (2000 to 2001). She is in charge of the Finance and Administration group of the Company.

Fernando Mamuyac, 50, Acting Deputy General Manager-Operation, Filipino, He was elected as a member of the Board during the June 2010 annual Stockholders' Meeting. Engr. Mamuyac served the Company since May 2001, bringing with him more than 20 years of experience in project management gained from the private construction and real estate companies. He graduated from the Technological Institute of the Philippines in 1989 with a Bachelor of Science degree in Civil Engineering. He had attended Executive Training Program and various seminars on leadership, accounting, computer, and other technical seminars from various institutions

Enrique C. Cunanan, 47, 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.

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 2013, 2014 and 2015 (estimate only).

Summary Compensation Table:

Name and Principal Position	Year	Salary (P)	Bonus (P)
Enrique Cunanan, ADGM-Finance/Admin Engr. Fernando Mamuyac, ADGM-Operations Engr. Emelita Mangosing, PMU-Head Arch. Mylene Lim, Controller Engr. Ferdinand Soliman, CEO	2013 (actual)	816,510	Nil
	2014 (actual)	845,382	Nil
	2015 (estimate)	900,000	Nil
All Directors and Officers as a Group Unnamed	2013 (actual)	816,510	Nil
	2014 (actual)	8845,382	Nil
	2015 (estimate)	900,000	Nil

Compensation of Directors

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

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

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

Warrants and Options Outstanding

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2014, the following own of record or beneficially, approximately the following number of shares representing more than 5% of the Company's issued and outstanding capital stock:

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

(1) Wilfredo Uy was once the Chairman and President of the Company.

(2) Mylene Lim is a Managing Director and Treasurer of the Company.

(3) Nimfa Leonco is a mere stockholder of the Company

(4) Arthur Lim was once the Chairman and President of the Company.

(5) Ferdinand Soliman is the current Chairman and President of the Company.

Security Ownership of Management

As of December 31, 2014 the following Directors and key officers owned, of record or beneficially, approximately the following number of shares of the Company's issued and outstanding capital stock:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership		Citizenship	%
Common	Ferdinand Soliman	7,150,000	Direct	Filipino	6.50
Common	Mylene Lim	10,850,000	Direct	Filipino	9.86
Common	Emelita Mangosing	10,000	Direct	Filipino	Nil
Common	Noric Ng	3,000,000	Direct	Filipino	2.73

Common	Enrique Cunanan	10,000	Direct	Filipino	Nil
Common	Luisito Pascual	10,000	Direct	Filipino	Nil
Common	Fernando Mamuyac	10,000	Direct	Filipino	Nil
Common	Ana Tensuan	10,000	Direct	Filipino	Nil
Common	Jean Cestina	2,000	Direct	Filipino	Nil
Common	All directors and executive officers as a group	21,045,000			19.09

Voting Trust Holders of 5% or more

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

Changes in Control

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

Item 12. Certain Relationships and Related Transactions

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

Related Party Category	Amount of Transactions		Outstanding Balance	
	2014	2013	2014	2013
Related Parties under Common Ownership:				
Construction Services	1,387,340	6,092,349	82,091,440	80,704,001
Advances from Related Parties	1,798,099	2,857,360	9,033,596	4,378,128
Advances to Related Parties	8,055	20,000	8,735,610	8,727,556

Key Management Personnel:

Compensation	845,382	816,510	49,769	590,804
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The Company renders construction services to certain related parties under common ownership for certain real estate projects of the latter. Construction services are recognized based on the actual work done which is consistent with the percentage of completion method.

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

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

	2014	2013
Balance at beginning of the year	8,727,556	8,707,556
Additions	20,000	20,000
Allowance for Impairment	(8,707,556)	(8,707,556)
Balance at end of year	28,055	20,000

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.

Please see attached ACGR

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, 2014 and 2013
4. Statements of Comprehensive Income for the Years Ended December 31, 2014, 2013, and 2012
5. Statements of Changes in Equity for the Years Ended December 31, 2014, 2013 and 2012
6. Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012
7. Notes to Financial Statements

Supplementary Schedules

1. Report of Independent Auditors on Supplementary Schedules
2. Supplementary Schedules Table of Contents
3. Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
4. Schedule D. Indebtedness to Unconsolidated Subsidiaries and Related Parties
5. Schedule I. Capital Stock
6. Summary of Financial Soundness Indicators
7. Schedule of PF RS Effective as of December 31, 2014

Annual Corporate Governance Report for 2014

(b) Reports on SEC Form 17-C

None

SIGNATURES

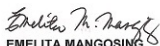
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April 14, 2015.

By:


FERDINAND Z. SOLIMAN
Principal Executive Officer


ENRIQUE C. CUNANAN
Principal Accounting Officer


MYLENE T. LIM
Treasurer


EMELITA MANGOSING
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of 15 APR 2015 affiant(s) exhibiting to me his/their Residence Certificates/TIN, as follows:

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

DOC NO. 224
PAGE NO. 60
BOOK NO. 1X
SERIES OF 224

ROMMEL B. BALIGOD
NOTARY PUBLIC UNTIL DEC. 31, 2016
41ST. FLR. JOY NOSTALG CENTER
NO. 17 ADB AVE. ORTIGAS PASIG CITY
PTR #6916996 / JAN. 08 2015 / O.C.
IBP NO. LRN-07038 / 06-21-07 / RIZAL
ROLL NO. 51224
MCLE NO. 111-0021622-3-08-12

SUPERCITY REALTY DEVELOPMENT CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

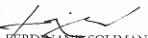
The management of **Supercity Realty Development Corp.** (the Company), is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

- a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
- b. Schedule of PFRS Effective as of December 31, 2014
- c. Schedule of Financial Indicators for December 31, 2014 and 2013

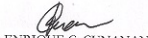
Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting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

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

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


FERDINAND SOLIMAN
Chairman of the Board


FERDINAND SOLIMAN
President/Chief Executive Officer


ENRIQUE C. CUNANAN
Chief Financial Officer

SUBSCRIBED AND SWORN to before me on this 15 APR 2015, 2015
Affiant(s) exhibiting to me his/their Tax Identification Number as follows:

<u>NAMES</u>	<u>TIN</u>
FERDINAND SOLIMAN	106-835-141
ENRIQUE CUNANAN	116-426-195

Doc. No. 308 :
Page No. 63 :
Book No. IX :
Series of 2015.

ROMMEL B. BALIGOD
NOTARY PUBLIC UNTIL DEC. 31, 2016
41ST. FLR. JOY NOSTALG CENTER
NO.17 ADB AVE. ORTIGAS PASIG CITY
PTR # 6916996 / JAN. 08 2015 / O.C.
IBP NO. LRN-07038 / 06-21-07 / RIZAL
ROLL NO. 51224
MCLE NO. 111-0021622-3-08-12



Punongbayan & Araullo

An instinct for growth™

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

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

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Supercity Realty Development Corporation for the year ended December 31, 2014, on which we have rendered our report dated April 10, 2015. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of 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. 4748310, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-2 (until Aug. 8, 2015)
Firm - No. 0002-FR-3 (until Apr. 30, 2015)
BIR AN 08-002511-20-2012 (until May 15, 2015)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 10, 2015

SUPERCITY REALTY DEVELOPMENT CORPORATION
List of Supplementary Information
December 31, 2014

<u>Schedule</u>	<u>Content</u>	<u>Page No.</u>
Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68		
A	Financial Assets	
	Financial Assets at Fair Value Through Profit or Loss	*
	Held-to-maturity Investments	*
	Available-for-sale Financial Assets	*
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	1
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	*
D	Intangible Assets - Other Assets	*
E	Long-term Debt	*
F	Indebtedness to Related Parties	2
G	Guarantees of Securities of Other Issuers	*
H	Capital Stock	3
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	*
	Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2012	4

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

SUPERCITY REALTY DEVELOPMENT CORPORATION

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders

As of December 31, 2014

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Non Current	Balance at End of Period
Related Parties							
City and Life Property, Inc.	3,883,858	8,055	-	-	3,891,913	-	3,891,913
Prosperity Builders Resources, Inc.	3,426,193	-	-	-	3,426,193	-	3,426,193
Extraordinary Development Corporation	1,417,505	-	-	-	1,417,505	-	1,417,505
Supreme Housing Builders, Inc.	-	-	-	-	-	-	-
Total Receivable from Related Parties	8,727,556	8,055	-	-	8,735,611	-	8,735,611

SUPERCITY REALTY DEVELOPMENT CORPORATION

Schedule D. Indebtedness to Unconsolidated Subsidiary and Related Parties

As of December 31, 2014

Name of Designation of Debtor	Balance Beginning of Period	Additions	Amounts		Current	Not Current	Balance at End Of Period
			Collected (2)	Written off (3)			
Extraordinary Dev. Corp.	7,235,497	1,798,099	-	-	9,033,596	-	9,033,596
Total	7,235,497	1,798,099	-	-	9,033,596	-	9,033,596

SUPERCITY REALTY DEVELOPMENT CORPORATION

Schedule I - Capital Stock

December 31, 2014

<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related balance sheet caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Common shares - P1 par value						
Authorized - P155,000,000 shares						
Issued and outstanding - 110,000,000 shares in 2014 and 2013	155,000,000	110,000,000	-	-	56,220,000	53,780,000

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
<i>Philippine Financial Reporting Standards (PFRS)</i>				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendment to PFRS 1: Government Loans	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures <i>(effective when PFRS 9 is first applied)</i> *			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments* <i>(effective January 1, 2018)</i>			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendment to PFRS 10: Transition Guidance			✓
	Amendment to PFRS 10: Investment Entities			✓
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception <i>(effective January 1, 2016)</i>			✓
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Transition Guidance			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendment to PFRS 12: Transition Guidance			✓
	Amendment to PFRS 12: Investment Entities			✓
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception * <i>(effective January 1, 2016)</i>			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts* <i>(effective January 1, 2018)</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
<i>Philippine Accounting Standards (PAS)</i>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative * (<i>effective January 1, 2016</i>)			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans - Employee Contributions* (<i>effective July 1, 2014</i>)			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation**	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendment to PAS 27: Investment Entities			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendment to PAS 28: Investment Entities - Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation**	✓		
	Amendment to PAS 32: Classification of Rights Issues**	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions**	✓		
	Amendments to PAS 39: The Fair Value Option**	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets**	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition**	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives**	✓		
	Amendment to PAS 39: Eligible Hedged Items**	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting**	✓		
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
<i>Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)</i>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**	✓		
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers**	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies**	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
<i>Philippine Interpretations - Standing Interpretations Committee (SIC)</i>				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

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

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

SUPERCITY REALTY DEVELOPMENT CORPORATION

Summary of Financial Soundness Indicators

As at December 31, 2014 and 2013

Financial Soundness Indicators	Formula	2014	2013
Liquidity:			
Current Ratio	Current Assets/Current Liability	1.18 : 1	1.17:1
Solvency:			
Debt-to-Equity Ratio	Total Liabilities/Total Equity	6.52 : 1	6.64:1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	7.52 : 1	7.64:1
Interest-rate-coverage:			
*Interest-rate-coverage ratio	Profit Before Tax/Finance Costs	n/a	n/a
Profitability:			
Return-on-investment	Net Income/Average Capital Stock	0.35%	-36.82%

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

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, 2014 and 2013, 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, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which provides relevant information on the status of operations of the Company. As discussed therein, the Company has been incurring significant losses from its operations in prior years resulting in a substantial deficit as at December 31, 2014 and 2013. This condition, along with the other matters set forth in Note 1, indicates the existence of an uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In this regard, the Company's management has intensified its commitment to improve profitability and financial stability of the Company through continuation of its construction activities with its related parties while its transition to a real estate development company is underway. Accordingly, the accompanying financial statements were prepared assuming that the Company will continue as a going concern. The accompanying financial statements do not include any adjustments on the recoverability and classification of the assets or the amounts and classification of liabilities arising from this uncertainty. In connection with our audit, we have performed audit procedures to evaluate management's plans for such future actions as to the likelihood to improve the situation and as to feasibility under the circumstances.



Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2014 required by the Bureau of Internal Revenue as disclosed in Note 20 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230

TIN 120-319-128

PTR No. 4748310, January 5, 2015, Makati City

SEC Group A Accreditation

Partner - No. 0396-AR-2 (until Aug. 8, 2015)

Firm - No. 0002-FR-3 (until Apr. 30, 2015)

BIR AN 08-002511-20-2012 (until May 15, 2015)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 10, 2015

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 4,281,487	P 2,662,154
Receivables - net	5	16,184,539	15,831,110
Other current assets	6	<u>19,346,031</u>	<u>18,992,478</u>
Total Current Assets		<u>39,812,057</u>	<u>37,485,742</u>
NON-CURRENT ASSETS			
Receivables	5	-	47,200
Furniture and fixtures - net	7	<u>4,092</u>	<u>12,277</u>
Total Non-current Assets		<u>4,092</u>	<u>59,477</u>
TOTAL ASSETS		<u>P 39,816,149</u>	<u>P 37,545,219</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	8	P 24,707,374	P 24,330,830
Due to related parties	13	9,033,596	7,235,497
Provisions for rework	3	<u>133,032</u>	<u>468,750</u>
Total Current Liabilities		33,874,002	32,035,077
NON-CURRENT LIABILITY			
Post-employment benefit obligation	11	<u>645,064</u>	<u>594,839</u>
Total Liabilities		<u>34,519,066</u>	<u>32,629,916</u>
EQUITY			
Capital stock	14	110,000,000	110,000,000
Additional paid-in capital		1,509,641	1,509,641
Deficit		(<u>106,212,558</u>)	(<u>106,594,338</u>)
Total Equity		<u>5,297,083</u>	<u>4,915,303</u>
TOTAL LIABILITIES AND EQUITY		<u>P 39,816,149</u>	<u>P 37,545,219</u>

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
CONTRACT REVENUES	13	P 18,590,194	P 6,092,349	P 36,507,868
CONTRACT COSTS	10	<u>15,724,496</u>	<u>5,031,778</u>	<u>29,440,162</u>
GROSS PROFIT		<u>2,865,698</u>	<u>1,060,571</u>	<u>7,067,706</u>
OPERATING INCOME (EXPENSE)				
Administrative expenses	10	(1,504,392)	(40,054,303)	(12,056,624)
Other operating expenses	10	(1,283,507)	(1,513,933)	(2,188,799)
Other operating income	9	<u>335,718</u>	<u>-</u>	<u>108,599</u>
		(<u>2,452,181</u>)	(<u>41,568,236</u>)	(<u>14,136,824</u>)
OPERATING INCOME (LOSS)		413,517	(40,507,665)	(7,069,118)
FINANCE INCOME	4	<u>31,971</u>	<u>40,256</u>	<u>75,178</u>
INCOME (LOSS) BEFORE TAX		445,488	(40,467,409)	(6,993,940)
TAX EXPENSE	12	(<u>63,708</u>)	(<u>29,262</u>)	(<u>156,390</u>)
NET INCOME (LOSS)		381,780	(40,496,671)	(7,150,330)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>P 381,780</u>	(<u>P 40,496,671</u>)	(<u>P 7,150,330</u>)
Basic and Diluted Earnings (Loss) Per Share	15	<u>P 0.004</u>	(<u>P 0.368</u>)	(<u>P 0.064</u>)

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	<u>Capital Stock</u> <u>(see Note 14)</u>	<u>Additional</u> <u>Paid-in Capital</u>	<u>Deficit</u>	<u>Total</u>
Balance at January 1, 2014	P 110,000,000	P 1,509,641	(P 106,594,338)	P 4,915,303
Net income for the year	<u>-</u>	<u>-</u>	<u>381,780</u>	<u>381,780</u>
Balance at December 31, 2014	<u>P 110,000,000</u>	<u>P 1,509,641</u>	<u>(P 106,212,558)</u>	<u>P 5,297,083</u>
Balance at January 1, 2013	P 110,000,000	P 1,509,641	(P 66,097,667)	P 45,411,974
Net loss for the year	<u>-</u>	<u>-</u>	<u>(40,496,671)</u>	<u>(40,496,671)</u>
Balance at December 31, 2013	<u>P 110,000,000</u>	<u>P 1,509,641</u>	<u>(P 106,594,338)</u>	<u>P 4,915,303</u>
Balance at January 1, 2012	P 110,000,000	P 1,509,641	(P 58,947,337)	P 52,562,304
Net loss for the year	<u>-</u>	<u>-</u>	<u>(7,150,330)</u>	<u>(7,150,330)</u>
Balance at December 31, 2012	<u>P 110,000,000</u>	<u>P 1,509,641</u>	<u>(P 66,097,667)</u>	<u>P 45,411,974</u>

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax		P 445,488	(P 40,467,409)	(P 6,993,940)
Adjustments for:				
Interest income	4	(31,971)	(40,256)	(75,178)
Depreciation and amortization	7	8,185	8,185	5,917
Impairment loss on receivables	5, 13	<u>-</u>	<u>38,296,084</u>	<u>10,367,396</u>
Operating income (loss) before working capital changes		421,702	(2,203,396)	3,304,195
Decrease (increase) in receivables		(306,229)	(7,906,326)	758,918
Decrease (increase) in other current assets		(410,867)	(65,960)	2,508,168
Increase (decrease) in trade and other payables		376,544	6,790,852	(6,564,354)
Increase (decrease) in due to related parties		1,798,099	2,857,369	(733,118)
Increase (decrease) in provisions for rework		(335,718)	103,671	(108,599)
Increase in post-employment benefit obligation		<u>50,225</u>	<u>49,769</u>	<u>58,932</u>
Cash generated from (used in) operations		1,593,756	(374,021)	(775,858)
Cash paid for income taxes		(<u>6,394</u>)	(<u>8,051</u>)	(<u>15,036</u>)
Net Cash From (Used in) Operating Activities		<u>1,587,362</u>	(<u>382,072</u>)	(<u>790,894</u>)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4	31,971	40,256	75,178
Acquisitions of furniture and fixtures	7	<u>-</u>	<u>-</u>	(<u>24,554</u>)
Net Cash From Investing Activities		<u>31,971</u>	<u>40,256</u>	<u>50,624</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		1,619,333	(341,816)	(740,270)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		<u>2,662,154</u>	<u>3,003,970</u>	<u>3,744,240</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		<u>P 4,281,487</u>	<u>P 2,662,154</u>	<u>P 3,003,970</u>

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

1.1 Corporate Information

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

On February 29, 2008, the Company's Board of Directors (BOD) approved the change in the Company's core business operations from construction to real estate development. Consequently, the Company has retrenched all of its project-based employees effective September 2008 and sold all of its construction equipment. As at December 31, 2014, the Company has not yet started any real estate development projects. Its business activities are presently hinged on the construction projects of its related parties; i.e., it provides the necessary manpower requirement of their projects by engaging the services of third party subcontractors (see Note 13.1). It has no other major activities, hence, no segment information and disclosures are presented in the Company's financial statements.

The Company's registered address, which is also its principal place of business, is located at Unit 1223 12/F, City & Land Mega Plaza, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City. Subsequent to the reporting period, in 2015, the Company applied with regulatory authorities to change its registered address and principal place of business to 41st Floor, Joy Nostalg Center, ADB Avenue, Ortigas Center, Pasig City. As of April 10, 2015, the application for the change in address is still pending for approval with the SEC and the Bureau of Internal Revenue (BIR).

The financial statements of the Company as of and for the year ended December 31, 2014 (including the comparatives for the years ended December 31, 2013 and 2012) were authorized for issue by the Company's Chairman and President on April 10, 2015.

1.2 Status of Operations

The Company incurred net loss from its operations of P40.5 million in 2013 and P7.2 million in 2012 and as a result, it reported a substantial deficit of P106.2 million and P106.6 million as at December 31, 2014 and 2013, respectively. The Company reported only minimal profits in 2014. This condition, along with the matters discussed in Note 1.1, indicates the existence of an uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In this regard, the Company's management has intensified its commitment to improve profitability and financial stability of the Company through continuation of its construction activities with its related parties while its transition to a real estate development company is underway. Management believes that the Company remains to have a strong financial condition since it is part of a group of companies. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments to reflect possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that might result from the outcome of this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. 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 and approved by the Philippine Board of Accountancy (BOA).

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

(b) Presentation of Financial Statements

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

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

(c) *Functional and Presentation Currency*

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

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

2.2 Adoption of New and Amended PFRS

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

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

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

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

- (i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process, will satisfy the criterion for net settlement. The amendment has been applied retrospectively in accordance with its transitional provisions. As the Company does not currently present any of its financial assets and financial liabilities on a net basis in accordance with the provision of PAS 32, the amendment had no material effect on the Company's financial statements for any periods presented.

- (ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less cost of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement*, such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the financial statements.

This amendment resulted in additional disclosures in the financial statements due to the impairment loss recognized on the Company's non-financial assets during the reporting period.

- (iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*. The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Company neither enters into transactions involving derivative instruments nor does it apply hedge accounting, the amendment did not have any impact on the Company's financial statements.
- (iv) Philippine Interpretation IFRIC 21, *Levies*. This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, for the recognition of a liability for levy imposed by a government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the Company's financial statements.

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

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

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

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

- (i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit.
- (ii) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (iii) PAS 16 (Amendment), *Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.
- (iv) PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 41 (Amendment), *Agriculture – Bearer Plants* (effective from January 1, 2016). The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.
- (v) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
 - three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
 - an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

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

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

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

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

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

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

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment*. The amendments clarify that when an item of property, plant and equipment, is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.
- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.
- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment in the basis of conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvement to PFRS (2011-2013 Cycle)

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

Annual Improvements to PFRS (2012-2014 Cycle)

- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.
- PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

2.3 Financial Assets

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

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

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

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

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the profit or loss.

All income and expenses relating to financial assets are recognized in profit or loss and, are presented as part of Finance Income or Finance Cost, as the case may be, in the statement of comprehensive income.

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

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

2.4 Other Current Assets

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

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

2.5 Furniture and Fixtures

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12). The residual values and estimated useful lives of furniture and fixtures are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

2.6 Financial Liabilities

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

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

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

2.7 Offsetting Financial Instruments

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

2.8 Provisions and Contingencies

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

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

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

2.9 Revenue and Expense Recognition

Revenue comprises revenue from the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for services rendered, excluding value-added tax (VAT) and discounts. Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Contract revenues and costs* – Revenue is recognized based on the actual work done which is consistent with the percentage-of-completion method. Under this method, revenues are recognized in proportion to the actual cost incurred as a percentage of total estimated costs for each contract as determined and certified by project engineers. Costs are recognized based on actual costs incurred (see also Note 2.10).
- (b) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset. Interest income is presented as Finance Income in the statement of comprehensive income.

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

2.10 Construction Contracts

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

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

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

Contract costs are recognized when incurred.

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

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

2.11 Leases – Company as Lessee

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

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

2.12 Impairment of Non-financial Assets

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

Impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating units and reflect management's assessment of respective risk profiles, such as market and asset-specific factor.

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

2.13 Employee Benefits

The Company provides the following benefits to its employees:

(a) Defined Benefit Plan

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

In 2014 and 2013, the Company has only one qualified and regular employee, accordingly, the estimated cost of post-employment benefit was computed based on Republic Act (R.A.) No. 7641, The Retirement Pay Law, discounted using the relevant Philippine Dealing and Exchange Corporation (PDEX) rate, which management believes to be a reasonable approximation of the amount computed using projected unit credit method [see also Note 3.2(e)].

(b) Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) 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 at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) Compensated Absences

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

2.14 Income Taxes

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

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

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

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

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

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

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

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

2.15 Related Party Relationships and Transactions

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

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

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

2.16 Equity

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

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

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

2.17 Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net profit (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 period.

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

2.18 Events After the End of Reporting Period

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Distinction between Operating and Finance Leases

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

(b) Recognition of Provisions and Contingencies

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

3.2 Key Sources of Estimation Uncertainty

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

(a) Determining Impairment of Receivables

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

The carrying value of receivables and the analysis of allowance for are shown in Note 5.

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

The Company estimates the useful lives of furniture and fixtures based on the period over which the assets are expected to be available for use. The estimated useful lives of furniture and fixtures are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of furniture and fixtures are analyzed in Note 7. Based on management's assessment as at December 31, 2014 and 2013, there is no change in the estimated useful life of furniture and fixtures as at those dates. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) *Determining Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. In 2014 and 2013, management believes, based on its evaluation, that the Company may not recover the tax benefit of the temporary differences considering the present circumstances of its operations as disclosed in Note 1; hence, deferred tax assets were not recognized (see Note 12).

(d) *Determining Impairment of Non-financial Assets*

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

No impairment loss was recognized in 2014, 2013 and 2012 based on management's assessment.

(e) *Estimating Valuation of Post-employment Benefit*

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

The estimated post-employment benefit obligation amounts to P0.6 million as at December 31, 2014 and 2013 (see Note 11.2).

(f) *Estimating Provisions for Rework*

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

In 2014 and 2012, management reversed the provisions for rework amounting to P0.3 million and P0.1 million (nil in 2013), respectively, which is presented as part of Other Operating Income in the 2014 and 2012 statements of comprehensive income (see Note 9). Based on management's assessment, additional provisions for rework was recognized in 2013 amounting to P0.1 million (nil in 2014 and 2012).

(g) *Provision for Contract Losses*

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

No provision for contract losses was necessary to be recognized in 2014, 2013 and 2012 based on management's assessment.

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

The Company uses the percentage-of-completion method in accounting for its contract 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 end of the reporting period. Accordingly, management believes that no adjustment is necessary on the recorded contract revenue and contract costs.

4. CASH AND CASH EQUIVALENTS

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

	<u>2014</u>	<u>2013</u>
Cash on hand and in banks	P 2,107,137	P 512,086
Short-term placements	<u>2,174,350</u>	<u>2,150,068</u>
	<u>P 4,281,487</u>	<u>P 2,662,154</u>

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for a period of 90 days and earn effective interest rates of 1.75% to 3.00% in 2014, 1.25% to 3.00% in 2013, and 1.00% to 3.00% in 2012. Interest income is presented as Finance Income in the statements of comprehensive income.

5. RECEIVABLES

This account is composed of the following:

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Current:			
Contracts receivable	13.1	P 82,091,441	P 80,704,101
Advances to related parties	13.2	8,735,611	8,727,556
Others		<u>29,925</u>	<u>1,071,891</u>
		90,856,977	90,503,548
Allowance for impairment	13.1, 13.2	(74,672,438)	(74,672,438)
		16,184,539	15,831,110
Non-current –			
Other receivables		<u>-</u>	<u>47,200</u>
		<u>P 16,184,539</u>	<u>P 15,878,310</u>

Contracts receivable is broken down as follows:

	<u>2014</u>	<u>2013</u>
Billed	P 72,516,045	P 71,132,921
Retention	<u>9,575,396</u>	<u>9,571,180</u>
	<u>P 82,091,441</u>	<u>P 80,704,101</u>

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

A reconciliation of the allowance for impairment at the beginning and end of 2014 and 2013 is shown below.

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Balance at beginning of year		P 74,672,438	P 36,376,354
Impairment losses	10	<u>-</u>	<u>38,296,084</u>
Balance at end of year		<u>P 74,672,438</u>	<u>P 74,672,438</u>

6. OTHER CURRENT ASSETS

This account consists of:

	Note	2014	2013
Creditable withholding tax		P 18,787,003	P 18,708,790
Input VAT	20.1(b)	171,192	132,953
Advances to contractors and suppliers		122,086	122,086
Others		265,750	28,649
		<u>P 19,346,031</u>	<u>P 18,992,478</u>

7. FURNITURE AND FIXTURES

The gross carrying amounts and accumulated depreciation and accumulated impairment loss of furniture and fixtures at the beginning and end of 2014, 2013 and 2012 are shown below.

	2014	2013	2012
Cost	P 9,724,268	P 9,724,268	P 9,724,268
Accumulated depreciation	(9,543,060)	(9,534,875)	(9,526,690)
Accumulated impairment loss	(177,116)	(177,116)	(177,116)
Net carrying amount	<u>P 4,092</u>	<u>P 12,277</u>	<u>P 20,462</u>

A reconciliation of the carrying amounts of furniture and fixtures at the beginning and end of 2014 and 2013 is shown below.

	2014	2013
Balance at beginning of the year, net of accumulated depreciation and impairment	P 12,277	P 20,462
Depreciation charges	(8,185)	(8,185)
Balance at end of the year, net of accumulated depreciation and impairment	<u>P 4,092</u>	<u>P 12,277</u>

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

As at December 31, 2014 and 2013, fully depreciated assets with a total cost of P9.7 million are still used in operations.

8. TRADE AND OTHER PAYABLES

This account consists of:

	Note	2014	2013
Deferred output VAT	20.1(a)	P 9,192,980	P 8,656,716
Trade payables		7,913,535	7,664,058
Retention fees		4,698,241	3,796,150
Advances from customers		2,865,392	4,115,749
Others		<u>37,226</u>	<u>98,157</u>
		<u>P 24,707,374</u>	<u>P 24,330,830</u>

Deferred output VAT arose from the uncollected contracts receivable (see Note 5).

9. OTHER OPERATING INCOME

This account pertains to miscellaneous income in 2014 and 2012 arising from the reversal of provisions for rework amounting to P335,718 and P108,559, respectively, as management believes that the related expenditures will no longer be incurred. There was no reversal of provisions for rework in 2013.

10. COST AND OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	2014	2013	2012
Outside services		P 15,467,714	P 4,826,031	P 29,185,130
Salaries and employee benefits	11.1	845,382	816,510	865,953
Professional fees		440,557	420,000	450,000
Taxes and licenses	20.1(f)	306,523	541,085	474,163
Rental	16.1	144,000	148,000	144,000
Utilities and communication		73,216	66,803	76,274
Repairs and maintenance		27,200	98,368	10,696
Depreciation	7	8,185	8,185	5,917
Impairment losses on receivables	5, 13	-	38,296,084	10,367,396
Provisions for rework		-	103,671	-
Miscellaneous		<u>1,199,618</u>	<u>1,275,277</u>	<u>2,106,056</u>
		<u>P 18,512,395</u>	<u>P 46,600,014</u>	<u>P 43,685,585</u>

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

	2014	2013	2012
Contract costs	P 15,724,496	P 5,031,778	P 29,440,162
Administrative expenses	1,504,392	40,054,303	12,056,624
Other operating expenses	<u>1,283,507</u>	<u>1,513,933</u>	<u>2,188,799</u>
	<u>P 18,512,395</u>	<u>P 46,600,014</u>	<u>P 43,685,585</u>

Contract costs for the years ended December 31, 2014, 2013 and 2012 consist of the following:

	Note	2014	2013	2012
Subcontractors' fee		P 15,467,714	P 4,826,031	P 29,185,130
Taxes and licenses	20.1(f)	<u>256,782</u>	<u>205,747</u>	<u>255,032</u>
		<u>P 15,724,496</u>	<u>P 5,031,778</u>	<u>P 29,440,162</u>

11. EMPLOYEE BENEFITS

11.1 Salaries and Employee Benefits Expense

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

	2014	2013	2012
Short-term employee benefits	P 795,157	P 766,741	P 807,021
Post-employment benefit	<u>50,225</u>	<u>49,769</u>	<u>58,932</u>
	<u>P 845,382</u>	<u>P 816,510</u>	<u>P 865,953</u>

As at December 31, 2014 and 2013, the Company has only one employee administering managerial function to the Company.

11.2 Post-employment Benefit

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

The post-employment benefit obligation of the Company to its only employee as at December 31, 2014 and 2013, was computed using the provisions of R.A. No. 7641, discounted using the PDEx rate of reference government bonds with an interest rate of 4.34% and 4.07% published by PDEx, respectively. Post-employment benefit obligation amounts to P0.6 million as at December 31, 2014 and 2013.

12. TAXES

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

	2014	2013	2012
Minimum corporate income tax (MCIT) at 2%	P 57,314	P 21,211	P 141,354
Final tax at 20%	<u>6,394</u>	<u>8,051</u>	<u>15,036</u>
	<u>P 63,708</u>	<u>P 29,262</u>	<u>P 156,390</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax on pretax income (loss) at 30%	P 133,646	(P 12,140,223)	(P 2,098,182)
Adjustment for income subjected to lower income tax rate	(3,197)	(4,026)	(7,518)
Tax effects of:			
Changes in unrecognized deferred tax assets	(152,780)	12,065,944	(8,730,665)
Expired MCIT	86,039	81,525	145,524
Non-deductible expenses	-	26,042	7,186,324
Expired net operating loss carry-over (NOLCO)	-	-	4,931,616
Application of previously unrecognized NOLCO	<u>-</u>	<u>-</u>	<u>(1,270,709)</u>
Tax expense	<u>P 63,708</u>	<u>P 29,262</u>	<u>P 156,390</u>

In 2013, the Company incurred NOLCO of P2.0 million which can be claimed as deduction from taxable income until 2016.

The unrecognized deferred tax assets relate to the following as at December 31, 2014 and 2013:

	<u>2014</u>		<u>2013</u>	
	<u>Amount</u>	<u>Tax Effect</u>	<u>Amount</u>	<u>Tax Effect</u>
Allowance for impairment of receivables	P 74,672,438	P 22,401,731	P 74,672,438	P 22,401,731
NOLCO	1,971,338	591,401	1,971,338	591,401
Post-employment benefit obligation	645,064	193,519	594,839	178,452
MCIT	181,472	181,472	248,604	248,604
Provisions for rework	133,032	39,910	468,749	140,625
Impairment of furniture and fixtures	<u>177,116</u>	<u>53,135</u>	<u>177,116</u>	<u>53,135</u>
	<u>P 77,780,460</u>	<u>P 23,461,168</u>	<u>P 78,133,084</u>	<u>P 23,613,948</u>

The Company is subject to MCIT, which is computed at 2% of gross income less allowable deductions, as defined under the tax regulations, or regular corporate income tax (RCIT), whichever is higher. The Company is liable to pay MCIT in 2014, 2013 and 2012 as MCIT was higher than RCIT in those years.

The details of MCIT, which includes excess MCIT over RCIT in 2014, can be claimed against future RCIT payable are shown below.

<u>Year Incurred</u>		<u>Amount</u>		<u>Expired MCIT</u>		<u>Remaining Balance</u>	<u>Valid Until</u>
2014	P	18,907	P	-	P	18,907	2017
2013		21,211		-		21,211	2016
2012		141,354		-		141,354	2015
2011		<u>86,039</u>		<u>86,309</u>		<u>-</u>	2014
		<u>P 267,511</u>		<u>P 86,309</u>		<u>P 181,472</u>	

In 2014, 2013 and 2012, the Company claimed itemized deductions in computing its income tax due.

13. RELATED PARTY TRANSACTIONS

The Company's related parties include entities under common ownership or control, the Company's key management and others as described in Note 2.15. A summary of the transactions of the Company with its related parties is presented in the below.

Related Party		Amount of Transactions			Outstanding Balance	
Category	Note	2014	2013	2012	2014	2013
Related Parties Under Common Ownership:						
Construction services	13.1	P 1,387,340	P 6,092,349	P 36,507,868	P 82,091,441	P 80,704,101
Advances from related parties	13.2	1,798,099	2,857,369	(733,118)	9,033,596	7,235,497
Advances to related parties	13.2	8,055	20,000	(5,072,002)	8,735,611	8,727,556
Key Management Personnel –						
Compensation	13.3	845,382	816,510	865,953	49,769	590,804

13.1 Rendering of Services

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

Service income amounting to P1.4 million in 2014, P6.1 million in 2013, and P36.5 million in 2012, arising from these transactions with related parties are presented as part of Contract Revenues in the statements of comprehensive income. The related outstanding receivables amounting to P82.1 million in 2014 and P80.7 million as at December 31, 2014 and 2013, respectively, are shown as Contracts Receivable under the Receivables account in the statements of financial position (see Note 5). These receivables are unsecured to the extent of advances received, noninterest-bearing and payable in cash.

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

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	P 80,704,101	P 73,884,439
Contract revenues, gross of VAT	20,821,017	6,823,431
Collections	(19,433,677)	(3,769)
Balance at end of year	<u>P 82,091,441</u>	<u>P 80,704,101</u>

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

As of December 31, 2014 and 2013, allowance for impairment recognized on these receivables amounts P74.7 million. Impairment loss recognized amounted P38.3 million in 2013 and P10.4 million in 2012. No impairment loss is required to be recognized in 2014.

13.2 Advances to/from Related Parties

In the normal course of business, the Company obtains from and grants to its related parties (other than those provided to officers and directors for carrying out official business functions and activities which are subject to liquidation which as at December 31, 2014 and 2013 has no outstanding balance) unsecured, noninterest-bearing, cash advances for working capital requirements and other purposes.

Total advances to related parties are presented as Advances to Related Parties under the Receivables account in the statements of financial position (see Note 5). The movements in the Advances to Related Parties account are shown below.

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	P 8,727,556	P 8,707,556
Additions	<u>8,055</u>	<u>20,000</u>
Balance at end of year	8,735,611	8,727,556
Allowance for impairment	(8,707,556)	(8,707,556)
	<u>P 28,055</u>	<u>P 20,000</u>

Total outstanding advances from related parties as of December 31, 2014 and 2013 are presented as Due to Related Parties in the statements of financial position. The movements in the Due to Related Parties account are shown below.

	<u>2014</u>	<u>2013</u>
Balance at beginning of year	P 7,235,497	P 4,378,128
Additions	<u>1,798,099</u>	<u>2,857,369</u>
Balance at end of year	<u>P 9,033,596</u>	<u>P 7,235,497</u>

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

13.3 Key Management Personnel Compensation

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Short-term employment benefits	P 795,157	P 766,741	P 807,021
Post-employment benefit	<u>50,225</u>	<u>49,769</u>	<u>58,932</u>
	<u>P 845,382</u>	<u>P 816,510</u>	<u>P 865,953</u>

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

14. CAPITAL STOCK

As at December 31, 2014 and 2013, the Company has authorized capital stock of P155.0 million divided into 155,000,000 shares with a P1.00 par value per share. As at those dates, it has 110,000,000 issued and outstanding shares, or a total of P110.0 million.

On December 19, 2003, the SEC approved the listing of the Company's shares totaling 50,000,000 (see Note 1.1). The shares were initially issued at an offer price of P1.10 per share. Such listed shares traded at a closing price of P0.80 per share as at May 11, 2009. No further trading of the Company's shares has occurred since May 11, 2009. The Company has no other securities traded or listed for trading in any securities exchange.

15. EARNINGS (LOSS) PER SHARE

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net income (loss)	P 381,780	(P 40,496,671)	(P 7,150,330)
Divided by the weighted average number of outstanding common shares	<u>110,000,000</u>	<u>110,000,000</u>	<u>110,000,000</u>
Basic and diluted earnings (loss) per share	<u>P 0.004</u>	<u>(P 0.368)</u>	<u>(P 0.064)</u>

The Company has no dilutive potential common shares as at December 31, 2014, 2013 and 2012; hence, diluted earnings (loss) per share equals the basic income (loss) per share.

16. COMMITMENTS AND CONTINGENCIES

16.1 Operating Lease Commitments – Company as Lessee

The Company is a lessee under a non-cancellable operating lease agreement covering its office space. The lease has a term of one year and with renewable options. Total rental incurred from this operating lease amounted to P0.1 million in 2014, in 2013, and in 2012 (see Note 10).

16.2 Others

There are commitments, guarantees, and contingent liabilities relating to construction projects entered into by the Company that arise in the normal course of operations which are not reflected in the financial statements. As at December 31, 2014, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The Company's risk management is coordinated with the 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 relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

17.1 Market Risk

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

(a) Foreign Currency Risk

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

(b) Interest Rate Risk

The Company has no significant exposure to interest rate risk as financial assets and liabilities are noninterest-bearing (receivables, payables and advances to and from related parties) or are carried at daily bank deposit rates and fixed interest rates (cash in banks and short-term placements, respectively).

17.2 Credit Risk

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

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

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

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	4	P 4,281,487	P 2,662,154
Receivables – net	5	<u>16,184,539</u>	<u>15,878,310</u>
		<u>P 20,466,026</u>	<u>P 18,540,464</u>

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

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks which are secured by a maximum coverage of P500,000 for every depositor per banking institution, as provided for under Republic Act (RA) No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation*, are also subjected to credit risk.

(b) *Receivables*

In respect of receivables, the Company is exposed to significant credit risk exposure to its related parties. Contract receivables are 100% due from its related parties because 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 contract receivables that are not impaired to be good.

Some of the unimpaired contract receivables are past due as at the end of the reporting period.

	<u>2014</u>	<u>2013</u>
Not more than six months	P 2,098,340	P -
More than six months but not more than one year	-	6,112,430
More than one year	<u>8,735,610</u>	<u>7,915,786</u>
	<u>P 10,833,950</u>	<u>P 14,028,216</u>

17.3 Liquidity Risk

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

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

As at December 31, 2014 and 2013, the Company's financial liabilities amount to P21.7 million and P18.7 million, respectively, have contractual maturities within six months to one year from the end of the reporting periods. The contractual maturities reflect the gross cash flows which approximates the carrying values of the liabilities at the end of the reporting periods.

18. CATEGORIES, FAIR VALUES AND OFFSETTING OF OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

18.1 Carrying Values and Fair Values by Category

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

		<u>December 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Notes</u>	<u>Carrying</u> <u>Values</u>	<u>Fair</u> <u>Values</u>	<u>Carrying</u> <u>Values</u>	<u>Fair</u> <u>Values</u>
Financial Assets					
<i>Loans and receivables:</i>					
Cash and cash equivalents	4	P 4,281,487	P 4,281,487	P 2,662,154	P 2,662,154
Contract and other receivables – net	5	<u>16,184,539</u>	<u>16,184,539</u>	<u>15,878,310</u>	<u>15,878,310</u>
		<u>P 20,466,026</u>	<u>P 20,466,026</u>	<u>P 18,540,464</u>	<u>P 18,540,464</u>
Financial Liabilities					
<i>Financial liabilities at amortized cost:</i>					
Trade and other payables	8	P 12,649,362	P 12,649,362	P 11,473,824	P 11,473,824
Due to related parties	13.2	<u>9,033,596</u>	<u>9,033,596</u>	<u>7,235,497</u>	<u>7,235,497</u>
		<u>P 21,682,958</u>	<u>P 21,682,958</u>	<u>P 18,709,321</u>	<u>P 18,709,321</u>

See Notes 2.3 and 2.6 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 17.

Management considered the carrying amounts of these financial instruments to equal or approximate their fair values as at December 31, 2014 and 2013.

18.2 Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

The Company has no financial assets and financial liabilities measured at fair value as at December 31, 2014 and 2013. For financial assets (such as Cash and Cash Equivalents and Contract and Other receivables) and financial liabilities (such as Trade and Other Payables and Due to Related Parties) measured at amortized cost for which fair value is disclosed, management considers that their carrying amounts equal or approximate their fair values (see Note 18.1).

18.3 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments as of December 31, 2014 and 2013 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Company's outstanding advances to and receivables from related parties, gross of allowance for impairment amounting to P91.1 million and P89.4 million as at December 31, 2014 and 2013, respectively, can be potentially offset by the amount of outstanding advances from related parties amounting to P9.0 million and P7.2 million as at December 31, 2014 and 2013, respectively (see Note 13).

19. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

	<u>2014</u>	<u>2013</u>
Total liabilities	P 34,519,066	P 32,629,916
Total equity	<u>5,297,083</u>	<u>4,915,303</u>
Debt-to-equity ratio	<u>6.52: 1</u>	<u>6.64 : 1</u>

20. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

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

(a) Output VAT

In 2014, the Company declared output VAT amounting to P2,507,768 based on contract revenue amounting to P20,898,066.

The tax bases of contract revenues are based on the Company's gross receipts for the year; hence, may not be the same with the amounts presented in the 2014 statement of comprehensive income.

The Company has no outstanding output VAT payable as at December 31, 2014 after application of input VAT [see Note 20.1(b)].

The Company did not have zero-rated and VAT exempt transaction in 2014.

(b) Input VAT

The movements in input VAT in 2014 is summarized below.

Balance at beginning of year	P 132,953
Services lodged under cost of goods sold	2,249,292
Input VAT applied against output VAT	(<u>2,211,053</u>)
Balance at end of year	<u>P 171,192</u>

Input VAT as at December 31, 2014 is presented as part of Other Current Assets in the 2014 statement of financial position (see Note 6).

(c) Taxes on Importation

The Company has not paid or accrued any customs' duties and tariff fees as it has no importations for the year ended December 31, 2014.

(d) Excise Tax

The Company did not have any transactions in 2014 which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The Company did not have any transaction subject to DST in 2014.

(f) *Taxes and Licenses*

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

Business tax	P	273,369
Municipal license and permits		32,654
Annual VAT registration		<u>500</u>
	P	<u>306,523</u>

(g) *Withholding Taxes*

The details of withholding taxes in 2014 are shown below.

Expanded	P	352,339
Compensation and benefits		<u>174,849</u>
	P	<u>527,188</u>

The Company has no transactions in 2014 which are subject to final tax.

(h) *Deficiency Tax Assessments and Tax Cases*

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

20.2 Requirements Under RR No. 19-2011

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

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

(a) *Taxable Revenues*

The Company's taxable revenues from rendering of services, which is subject to regular rate, amounted to P18,590,194 for the year ended December 31, 2014.

(b) *Deductible Cost of Services*

Deductible costs of services for the year ended December 31, 2014, which are subject to regular tax rate, comprises the following:

Cost of construction	P 15,467,714
Taxes, permits and licenses	<u>256,782</u>
	<u>P 15,724,496</u>

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

The Company has no taxable non-operating other income in 2014, which is subject to regular tax rate.

(d) *Itemized Deductions*

The Company's itemized deductions for the year ended December 31, 2014 is as follows:

Salaries and employee benefits	P 795,157
Outside services	622,165
Professional fees	440,557
Subscriptions	339,829
Rental	144,000
Communication, light and water	73,216
Fuel and oil	60,000
Seminar, training and meetings	56,460
Taxes and licenses	49,741
Repairs and maintenance	27,200
Office supplies	10,157
Depreciation and amortization	8,185
Miscellaneous	<u>111,007</u>
	<u>P 2,737,674</u>

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

CONSOLIDATE CHANGES ON
ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACR

CONSOLIDATED CHANGES ON ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year: **2014**
2. SEC Identification Number **A200008385** 3. BIR Tax Identification No. **206-816-824**
4. **SUPERCITY REALTY DEVELOPMENT CORPORATION**
Exact name of issuer as specified in its charter
5. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. **41st FLOOR JOY NOSTALG CENTER, NO. 17 ADB AVENUE
ORTIGAS CENTER, PASIG CITY**
Address of principal office
1605
Postal Code
8. **(632)6387779**
Issuer's telephone number, including area code
9. **UNIT 1223 CITY & LAND MEGA PLAZA, ADB AVE.
CORNER GARNET ROAD, ORTIGAS CENTER, PASIG CITY**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Seven (7)
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Actual number of Directors for the year	Seven (7)
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(a) Composition of the Board

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Ferdinand Z. Soliman	ED	n/a	Nomination committee	June 2004	6/25/2014	Annual Meeting	11 yrs.
Mylene T. Lim	ED	n/a	Nomination committee	June 2004	6/25/2014	Annual Meeting	11 yrs.
Emelita M. Mangosing	ED	n/a	Nomination committee	June 2010	6/25/2014	Annual Meeting	4 yrs.
Noric Terence T. Ng	NED	n/a	Nomination committee	June 2004	6/25/2014	Annual Meeting	11 yrs.
Fernando Mamuyac	NED	n/a	Nomination committee	June 2008	6/25/2014	Annual Meeting	6 yrs.
Liza S. Niedo	ID	n/a	Ferdinand Soliman/ No relations	June 2012	6/25/2014	Annual Meeting	2 yr.
Roseller C. Anacito	ID	n/a	Emelita Mangosing/ No relations	June 2014	6/25/2014	Annual Meeting	6 mos.

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

The Revised Manual on Corporate Governance of the Company is adopted by the board of directors to constitute a sound strategic business management. It is the Board's responsibility to foster the long-term success of the Company and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and best interests of its stockholders. The Company has only one class of share, with one-share-one-vote policy. The minority stockholders have the right to propose the holding of meetings and the items for discussion that relate directly to the Company's business operation. The Company is committed to full disclosure of any material information dealings for the interest of the stakeholders.

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

The Board reviews the Company's vision and mission statements on a yearly basis or as often as deemed necessary to affirm that these are still consistent and relevant for the current challenges and environment.

- (d) Directorship in Other Companies

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

(i) Directorship in the Company's Group²

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Ferdinand Z. Soliman	Villageworks Land Mngt. Inc.	Executive
Mylene T. Lim	First Advance Devt. Corp.	Executive

(ii) Directorship in Other Listed Companies

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

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

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
N/A		

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

The Company may consider the adoption of guidelines on the number of directorships that its members can hold in other companies. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

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

Type of Directorship	Guidelines	Maximum Number of Directorships in other companies
Executive Director	No limits placed	N/A
Non-Executive Director	No limits placed	N/A
CEO	No limits placed	N/A

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Ferdinand Z. Soliman	12,150,000	5,000,000 (Misael Soliman)	15.59%
Mylene T. Lim	10,850,000	7,150,000 (Arthur Lim)	16.36%
Emelita M. Mangosing	10,000	None	.0091%
Noric Terence T. Ng	3,000,000	None	2.73%
Fernando Mamuyac	10,000	None	.0091%
Liza S. Niedo	10,000	None	.0091%
Roseller C. Anacito	10,000	None	.0091%
TOTAL	38,210,000		34.7364%

2) Chairman and CEO

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

Yes ☐

No ☒

Identify the Chair and CEO:

Chairman of the Board	Ferdinand Z. Soliman
CEO/President	Ferdinand Z. Soliman

Presently, the Company has only few business transactions that can be handled by the Chairman himself. Moreover, the Board acts as one body in case when there are issues to be resolved. Moving forward when the Company expands into real estate activities, a separate person shall be appointed as CEO of the Company.

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	<p>Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;</p> <p>Supervise the preparation of the agenda of the meeting in coordination of the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors;</p>	<p>Develop strategy proposals for recommendation to the Board and ensure that agreed strategies are reflected in the business;</p> <p>Develop annual plans, consistent with agreed strategies, for presentation to the Board for support.</p>

	and Maintain qualitative and timely lines of communication and information between the Board and Management.	
Accountabilities	Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance; Ensure effective communication with shareholders, host governments and other relevant constituencies and that the views of these groups are understood by the Board	Be responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies; Develop an organizational structure and establish processes and systems to ensure the efficient organization of resources.
Deliverables	Organizes and follow all rules and regulations imposed by state law and corporation's by-laws and other agreements in order to ensure the effectiveness in all meetings Comply with principles of good governance	Achieve revenue growth and increase the company's market share

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

If any of the offices becomes vacant for whatever cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term. Elected officers are normally sourced from an headhunter who is given the minimum qualification requirement suitable for the vacated position. Likewise, endorsement or referral from the members of the Board are welcomed.

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

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

The Company strives to promote diversity within the Board. Members of the Board are chosen based on their individual expertise and the criteria for hiring always consider that a candidate's expertise should be related to the Company's overall business thrust.

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

Yes, since the parameters/qualifications in determining who should be appointed as members of the Board requires that the candidate is engaged in the same or related industry that the Company belongs to.

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

	Executive	Non-Executive	Independent Director
Role	<p>To design, develop and implement strategic plans for the company in a cost-effective and time-efficient manner</p> <p>Responsible for the day-to-day operation of the company, including managing committees and staff and implementing business plans approved by the Board of the Company</p>	<p>Provides overall direction for the Company's business thrust and objectives</p> <p>Approves the Annual Business Plan monitors budget achievement regularly based on quarterly financial reports submitted</p>	<p>Improves corporate credibility and governance standards</p> <p>Plays vital role in risk management and active role in various committees (e.g. audit committee) to ensure good governance</p>
Accountabilities	<p>Accountable to the Chairman of the Board and reports to the board and stockholders on a regular basis (quarterly, semi-annually or annually) about the results of operation and financial condition of the company</p> <p>Manage day-to-day activities of the Company and provide overall direction to the staff with ends goal of meeting business objectives.</p>	<p>Ensure that the Company's approved policies are compliant with the regulatory regulations and acceptable practices and the same are strictly implement</p>	<p>To acquire proper understanding of the business of the company</p> <p>Have duty to act in good faith and in the interest of the company</p> <p>Constructively challenge and independently contribute to the work of the board</p>
Deliverables	<p>Prepare business plans and strategies for approval of the Board that will achieve the Company's goals and business targets</p> <p>Implement the approved business plans and ensure that goals and objectives are achieved</p> <p>Responsible for achieving the Budget targets approved by the Board</p>	<p>Ensure that the Company is equipped with the necessary tools and has sound financial conditions to achieve its business objectives.</p>	<p>Provides credible financial conditions and result of operations reports as being part of committee conducting review of financial statements and material matters</p>

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

Independence - a person who, apart from his fees and shareholdings, is not engaged in a conflicting business interest which could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

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

The Company's existing Independent Directors have served as such for less than five years. The Company will comply with the term limit set by the SEC in its Memo Circular No. 9 Series of 2011.

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

(a) Resignation/Death/Removal

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

Name	Position	Date of Cessation	Reason
Ana S. Tensuan	Independent Director	6/24/2014	Did not run for re-election

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications set in the Manual of Corporate Governance of the Company	Any stockholder who is a holder of at least one (1) common share of stock standing in his name in the books of the Corporation, may be elected Director. The Board may provide additional qualifications of a director such as, but not limited to the following: i. College education or equivalent academic degree; ii. Prefer to have knowledge and expertise in the same or related business field of the Company; and iii. Membership in good standing in relevant industry, business or professional organizations
(ii) Non-Executive Directors		
(iii) Independent Directors	Nominated & Pre-screened by Nomination Committee	

b. Re-appointment		
(i) Executive Directors	Election at Annual Stockholders' Meeting	One vote for one share (criteria same with Selection/Appointment)
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	Provisions set in the Company's Manual on Corporate Governance and By-laws	The following shall be grounds for the permanent disqualification of a director: a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (1) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (2) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (3) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b)
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>above, or willfully violating the laws govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>d) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered</p>
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		<p>by the Commission or BSP, or any of its rule, regulation or order;</p> <p>e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;</p> <p>f) Any person judicially declared as insolvent;</p> <p>g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of facts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (l) to (v) above;</p> <p>h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p> <p>i) Any person who engages in a related business as that of the Company which has not been disclosed to the Management, the effect of which is to create a conflict of interest; hence, preventing the person to act in the full interest of the Company.</p>
d. Temporary Disqualification		
(i) Executive Directors	Provisions set in the Company's Manual on Corporate Governance and By-laws	<p>Any of the following shall be a ground for the temporary disqualification of a director:</p> <ul style="list-style-type: none"> • Refusal to fully disclose the extent of his business interest as required under the Code and its implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; • Absence or nonparticipation for whatever reason/s for more than fifty percent (50%)
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>of all meetings, both regular and special, of the Board during his incumbency or any twelve-(12) month period during said incumbency. This disqualification applies for purposes of the succeeding election</p> <ul style="list-style-type: none">• Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;• Being under preventive suspension by the Corporation;• If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director;• If the beneficial equity ownership in the Corporation or its subsidiaries and affiliates exceeds two (2) percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.• Conviction that has not yet become final referred to in the grounds for the disqualification of directors.
e. Removal		
(i) Executive Directors	Provisions set by the Company's Manual on Corporate Governance and By-laws	Same criteria with the permanent disqualification of ED, NED, and ID
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	Provisions set by the Company's Manual on Corporate Governance and By-laws	A director (executive, non-executive, independent) may be re-instated as a member of the Board of Directors if and when: <ul style="list-style-type: none">• He had taken appropriate action to remedy or correct his suspension or disqualification and has cleared himself of any involvement in the alleged irregularity.• He still possesses the qualifications of a director
(ii) Non-Executive Directors		
(iii) Independent Directors		

		set forth in the Company By-laws, Revised Manual of Corporate Governance and other existing laws, rules and regulations. • He agreed to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations.
g. Suspension		
(i) Executive Directors	Provisions set by the Company's Manual on Corporate Governance and By-laws	Same criteria with the permanent disqualification of ED, NED, and ID
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Ferdinand Z. Soliman	69,159,999 or 62.88%
Mylene T. Lim	69,159,999 or 62.88%
Emelita M. Mangosing	69,159,999 or 62.88%
Noric Terence T. Ng	69,159,999 or 62.88%
Fernando Mamuyac	69,159,999 or 62.88%
Liza S. Niedo	69,159,999 or 62.88%
Roseller C. Anacito	69,159,999 or 62.88%

6) Orientation and Education Program

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

New directors are oriented of the Company's background, corporate goals, organizational structure and business operations through the following:

1. Orientation and induction meeting by the Board of Directors as soon as the new director is elected; and
2. Briefing and presentation of written materials about the Company and Corporate Governance Manual, Company's approved Business Plans for the current year, most recent strategic and operating plan, and financial reports.

For the year 2014, Engr. Roseller C. Anacito was voted as one of the independent directors of the Company and underwent the above-mentioned orientation.

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

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

Date	Seminars Attended
11/23/2014	Corporate Governance Forum Sponsored by Makati Business Club
05/14 – 15/12	Accreditation Project Orientation & Training Workshop
10/23/2012	P & A CEO Business Forum
11/27/2012	Quality Control for Small and Medium-Sized Practices
12/21/2011	Risk Based Audit
10/03/2011	IFRIC 15-What is its Impact and How Can Real Estate Companies Prepare For

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Ferdinand Z. Soliman			
Emelita M. Mangosing		THE SEC-PSE	
Fernando Mamuyac	10/21/2014	CORPORATE	SEC-PSE
Liza S. Nieto		GOVERNANCE FORUM	
Roseller C. Anacito			

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</p> <p>Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.</p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.</p> <p>A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the</p>	<p><i>Company Code of Conduct</i></p> <p>An employee, as a condition of employment, accepts the responsibility of conducting himself at all times with complete honesty and in a manner which will not be in conflict with the best interests of the Company.</p> <p>The Company's Code of Conduct Manual enumerated the non-exclusive examples or conditions which are conflicts of interest. It will be the responsibility of the employee to:</p> <ol style="list-style-type: none"> 1. Not participate in conflicts of interest. 2. Make full disclosure to the Company Management if such conflicts do exist. 3. Review with his supervisor activities which could result in conflicts, and before participating in any such activities, obtain written approval of the President which will be based upon a report made to him by the supervisor of the employee. 4. Correct any existing conflicts within a period of time prescribed by Management. It will be the responsibility of the Company's Management to review any possible conflict of interest, to make decision which will protect the interests of the Company, and in so far as compatible with the Company's interests, to be fair and just to the employee. <p>There shall be strict compliance to the provisions of these guidelines by all employees. Any violation of the provisions will render such an employee subject to discharge.</p>	

	expense of the Corporation.	
(b) Conduct of Business and Fair Dealings	<p><i>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</i></p> <ul style="list-style-type: none"> • Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation. The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation. • Devote the time and attention necessary to properly and effectively perform his duties and responsibilities. A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation. • Act judiciously. Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification. • Exercise independent judgment. A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the Corporation. 	<p><i>Company Code of Conduct</i></p> <p>An employee, as a condition of employment, accepts the responsibility of conducting himself at all times with complete honesty and in a manner which will not be in conflict with the best interests of the Company. The Company's Code of Conduct Manual enumerates the non-exclusive examples or conditions which are conflicts of interest prohibited by the Company in the proper performance and conduct of business and fair dealings of the senior management and all employees.</p>
(c) Receipt of gifts from third parties	Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director	<p>Company's Code of Conduct Manual</p> <p>Accepting money or substantial gifts or favors from an outside person, firm, agency or organization which has dealings or seeks to have</p>

	<p>Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.</p> <p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p>	<p>dealings with the Company is prohibited. All Company officers and employees are prohibited from accepting gifts, fees, and commissions from clients in the course of duty unless cleared with the President or the Board if involving the President.</p>
(d) Compliance with Laws & Regulations	<p>Revised Manual on Corporate Governance: Article 3.G, Specific Duties and Responsibilities of a Director</p> <p>Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. A director should keep abreast with industry developments and business trends in order to promote the corporation's competitiveness</p>	<p><i>Company Code of Conduct Manual</i></p> <p>The rules and regulations of the Company are incorporated in the provisions of the Personnel Manual as well as in such memoranda or circulars that may be issued by the Management or the Board of Directors from time to time. The executive officers, department heads and all employees have thoroughly familiarized themselves with the provisions of the Company's rules and regulations. Each employee has to be well informed of the contents of memoranda, circulars and other orders of the Company, especially those pertaining to his own department. The department head is given the responsibility to keep his subordinates well-acquainted with and compliant to the Company rules and regulations and any changes thereof.</p>
(e) Respect for Trade Secrets/Use of Non-public Information	<p>Article 3.G, Specific Duties and Responsibilities of a Director Observe confidentiality.</p> <p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.</p>	<p><i>Company Code of Conduct Manual</i></p> <p><i>Divulging information about the Company, its plans or forecasts which is not public and before such information is released to the public.</i></p> <p>No officer or employee is authorized to issue press release without prior written approval of the Management</p>
(f) Use of Company	Article 3.G, Specific Duties and	Company Code of Conduct Manual

Funds, Assets and Information	<p>Responsibilities of a Director</p> <p>Observe confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board</p>	<p>Official business matters and affairs should be kept in strict confidence and should not be divulged much less discussed with outsiders. Inquiries or requests for information should be referred to the Department Head for reply.</p>
(g) Employment & Labor Laws & Policies	Revised Manual on Corporate Governance:	Policies are in accordance with the Philippine Labor Code
(h) Disciplinary action	<p>Members of the Board should act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.</p> <p>A director should follow the norms of conduct as enumerated in the Revised Manual of Corporate Governance.</p>	<p>The Management may suspend, remove or dismiss any Officer or employee for a just cause as provided for in this Manual or when authorized by existing laws upon proper application for clearance with the Department of Labor and Employment.</p> <p>Causes or offenses enumerated in the Company Personnel Manual will merit termination of the services of the employee found guilty besides the imposition of other penalties as may be determined by the Management.</p>
(i) Whistle Blower	The Board of Directors shall ensure the protection of any reporting member of the board, officer or employee of any violations of any company rules and regulation and governmental laws. This is done through implementation of whistle blower policies wherein members of the Board, officer or employee are encouraged to voice out any problems within the Company without fear of retaliation	No formal company policy
(j) Conflict Resolution	<p>If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.</p> <p>A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business</p>	No formal company policy

	interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.	
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- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes, it has been disseminated to all directors, senior management and employees of the company. New officers and employees are required to read and sign to signify their conformity.

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

The Company has strictly monitored compliance with the Code of Ethics such that none of the Directors have been sanctioned for violation of the Manual

- 4) Related Party Transactions

- (a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	None
(2) Joint Ventures	None
(3) Subsidiaries	None
(4) Entities Under Common Control	Transactions entered into by the Group with related parties are at arm's length and have terms similar to the transactions entered into with third parties. The related party transactions are conducted under the normal course of business. The related receivables and payables are unsecured and interest free and are due within one year.
(5) Substantial Stockholders	None
(6) Officers including spouse/children/siblings/parents	Disclosure on beneficial ownership transactions. Other transactions at arm's length dealings
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

- (b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N/A
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	Policies requiring disclosures on direct and indirect beneficial ownership in accordance with the SEC and PSE rules.
Group	

5) Family, Commercial and Contractual Relations

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Mylene Lim and Arthur Lim	Family related	Married Couple
Ferdinand Soliman and Misael Soliman	Family related	Married Couple

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A	N/A	N/A

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

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

6) Alternative Dispute Resolution

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

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

	Alternative Dispute Resolution System
Corporation & Stockholders	No conflict or differences occurred for the last three(3) years.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

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

Regular quarterly board meetings are scheduled after the end of each quarter, while special board meetings are scheduled in between regular meetings as the need arises.

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Ferdinand Z. Soliman	June 25, 2014	6	6	100
Member	Mylene T. Lim	June 25, 2014	6	6	100
Member	Emelita M. Mangosing	June 25, 2014	6	6	100
Member	Noric Terence T. Ng	June 25, 2014	6	6	100
Member	Fernando Mamuyac	June 25, 2014	6	6	100
Independent	Liza S. Niedo	June 25, 2014	6	6	100
Independent	Roseller Anacito	June 25, 2014	6	4	67

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

None. There are no separate meeting held during the year without the present of any executive.

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

In accordance with the Corporation Code, the quorum requirement for board meetings is a majority of the board members.

- 5) Access to Information

- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board? The board materials for discussion are distributed at least three days before the scheduled board meeting.

The Board papers for discussion are distributed at least three working days before the scheduled board meeting

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

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

Yes, all board members have independent access to Management and the Corporate Secretary.

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

As stipulated in the amended By-Laws, the Corporate Secretary shall perform the following duties:

- i. to keep full minutes of all meetings of the Board of Directors and of the stockholders;
- ii. to keep the stock and transfer book and corporate seal, which he shall stamp on all documents requiring such seal of the Corporation;
- iii. to fill and countersign all the certificates of stock issued, making corresponding annotations on the margin or stub of such certificates upon issuance;
- iv. to give, or cause to be given, all notices required by law or by the By-Laws of the Corporation, as well as notices of all meetings of the Board of Directors and of the stockholders; and
- v. to perform such other duties as may be prescribed by the Board of Directors or the President.

Revised Manual of Corporate Governance: Article 3.L, The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the Corporation. He/she should –

- i. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation; such responsibility may be delegated to the legal department of the Corporation.
- ii. Be loyal to the mission, vision and objectives of the Corporation;
- iii. Work fairly and objectively with the Board, Management and stockholders;
- iv. Have appropriate administrative and interpersonal skills;
- v. If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- vi. Have a working knowledge of the operations of the Corporation;
- vii. Inform the members of the Board, in accordance with the by-laws of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- viii. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- ix. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- x. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

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

Yes, the Corporate Secretary is trained in legal and secretarial practices having been an Administrative Head for several years in a construction company.

- (e) Committee Procedures

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

Yes ☒

No ☐

Committee	Details of the procedures
Executive	Notice, agenda and financial reports are given at least three working days before the meeting; the directors may ask for additional information and said information are provided for prior to the Board meeting.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

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

Procedures	Details
The Directors have full access to Company's external counsel and external auditors for advice or for clarification of issues affecting the Company's performance.	

7) Change/s in existing policies

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

Existing Policies	Changes	Reason
No changes in existing policies		

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Compensation is benchmarked using compensation levels of comparative businesses with adjustments made depending on the extent of expertise of the officer that may be beneficial to the Company. The compensation comprised of fixed remuneration and bonuses provided for under the law.	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments	The Group does not have any arrangements for stock warrants or options offered to its employees.	
(6) Others (specify)	None	None

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

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

Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
---------------------	------------------------------------	--------------------------------

Executive Directors	Salary structure as approved by the management	Basic monthly pay plus other benefits mandated by law	Compensation package as approved by management and accepted by the employee
Non-Executive Directors	There is no compensation given by the Company. The per diem allowance of P2,000 is given on a per meeting attended		

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

None.

Remuneration Scheme	Date of Stockholders' Approval
N/A	N/A

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P 0.00	0	0
(b) Variable Remuneration	0	0	0
(c) Per diem Allowance	36,000	24,000	16,000
(d) Bonuses	0	0	0
(e) Stock Options and/or other financial instruments	0	0	0
(f) Others (Specify)	0	0	0
Total	36,000	24,000	16,000

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	0	0	0
2) Credit granted	0	0	0
3) Pension Plan/s Contributions	0	0	0
(d) Pension Plans, Obligations incurred	0	0	0
(e) Life Insurance Premium	0	0	0

(f) Hospitalization Plan	0	0	0
(g) Car Plan	0	0	0
(h) Others (Specify)	0	0	0
Total	0	0	0

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
None	none	none	none	none

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
None	none	None

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Ferdinand Z. Soliman/President	P 804,304
Mylene T. Lim/Managing Director	
Emelita M. Mangosing/Corporate Secretary	

Fernando Mamuyac/ADGM-Operations
Enrique C. Cunanan/ADGM-Finance and Admin.

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	None						
Audit	2	0	1	Ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting	Reviews the external auditor's audit plan; increases the credibility and objectivity of the Company's financial reports and public disclosure	Review and discuss with management and the external auditor the annual audited financial statements, Including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management	Oversee the adequacy of the Company's system of internal accounting controls and internal audit process and obtaining from the external auditor summaries and recommendations for improvement of such internal controls and processes
Nomination	2	0	1	Responsible for the review and screening of candidates for directorship	Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors	Review and consider the guidelines on determining the number of directorship	Review the roles and duties of the CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate

							governance at all times.
Remunerati on	2	0	1	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors	Designate amount of remuneration in a sufficient level to attract and retain directors and officers	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers	Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
Others (specify)	None						

2) Committee Members

(a) Executive Committee

The company has no existing Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Liza S. Niedo	June 25, 2014	1	1	100	1 yr.
Member (ED)	Mylene T. Lim Emelita M. Mangosing	June 25, 2014	1	1	100	1 yr.
Member (NED)	None	-	-	-	-	
Member (ID)		-	-	-	-	
Member		-	-	-	-	

Disclose the profile or qualifications of the Audit Committee members.

In the Company's Manual on Corporate Governance, the audit committee shall be composed of at least three (3) Members of the Board, at least one (1) of whom must be independent and shall be the head or chairman. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment.

The following are the detailed profile of the Audit Committee Members:

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

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

Mylene T. Lim, Member of the Audit Committee, 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

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

Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.

Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it.

Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Mylene T. Lim	June 25, 2014	1	1	100	1 yr.
Member (ED)	Ferdinand Z. Soliman	June 25, 2014	1	1	100	1 yr.
Member (NED)	None					
Member (ID)	Engr. Roseller C. Anacito	June 25, 2014	1	1	100	6 mos.
Member						

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Liza S. Nieto	June 25, 2014	1	1	100	1 yr.
Member (ED)	Mylene T. Lim Emelita M. Mangosing	June 25, 2014	1	1	100	1 yr.
Member (NED)	None					
Member (ID)						
Member						

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

No other Committees formed.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

None

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

Name of Committee	Name	Reason
Executive	None	
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	N/A	
Audit	Report on and recommend to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public	Review and approve the audited financial statements
Nomination	Identify and recommend candidates for election or appointment as directors and independent directors	Assess whether candidates have the qualities expected of all directors, including integrity, sound judgment, business acumen, and the time, ability, and commitment to make a constructive and meaningful contribution to the Board
Remuneration	For the year 2014, the compensation and Remuneration Committee have reviewed the remuneration policy of the Company and after due evaluation affirmed and confirmed that the existing policy on remuneration of directors and officers of the Company is consistent with its policy, culture, strategy and the business environment in which it operates.	There are no major issues addressed
Others (specify)	None	None

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	
Audit	Timely submission of reportorial requirements	To comply with the governing bodies for the timely submission of

		reports
Nomination	Evaluate and review the nomination process in the election of the board of directors to further improve the related nomination and election program and policies	To ensure that qualified members of the board are elected to govern the corporation
Remuneration	Committee for the improvement of the remuneration and compensation policy of its directors, officers and employees will further affirm and review if the existing rules and policies are consistent with the policy, culture and business environment the Company operates.	This continuous review of remuneration and compensation policy will address any possible deviation or violation from any existing laws and regulations.
Others (specify)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company and the Board believe that Risk Management is a fundamental part of the company's strategic and effective corporate governance. It adopts a risk philosophy aimed to maximizing business opportunities and minimizing adverse outcomes, thereby it helps in enhancing shareholders value by balancing the risk and reward.

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

The Company has policies on financial risks as stated in its Annual Report (SEC Form 17-A), which are as follows:

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

(c) Period covered by the review;

The period covered by the review is for the year 2014

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

The risk management system of the Company is being reviewed annually, and as the need arises through the Audit Committee.

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

N/A

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
Competition	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.	To ensure enough contracts to be awarded to the Company and its business continuity
Credit Risk	Credit risk is the risk that a counter party may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and other counter parties and by placing deposits. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this	To maintain good credit rating and be able to collect receivables as they fall due

	<p>information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, advance payments representing portion of the total contract price are received from customers to mitigate credit risk.</p>	
Liquidity Risk	<p>The Company manages its liquidity needs by carefully monitoring scheduled payments for its financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. The Company maintains cash that is good for up to a 60-day period to meet its liquidity requirements.</p>	<p>To maintain good credit rating and meet its financial obligations as they fall due</p>
Operational Risk	<p>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. Another operational 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</p>	<p>To ensure continuity of business operation and be able to finish project contracts on time</p>

	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.	

(b) Group

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

The Companies within the Group operates in the same industry: the real estate construction. The risk management system as well as the risk management policies and objectives are the same as the ones enumerated and discussed above

Risk Exposure	Risk Management Policy	Objective
Same as Item 2) Risk Policy, a. Company above since the companies within the Group operate within the same industry.		

(c) Minority Shareholders

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

Risk to Minority Shareholders
Lack of Voting Power: All shareholders have one vote per share. Minority shareholders may lack control over corporate decisions decided for the Company. They are, however, protected over any corporate decisions to be decided for the Company through the independent directors which are generally elected to the Board for the interests of all stockholders particularly the minority. This risk is also managed by ensuring that minority shareholders are given adequate and timely information on all matters of the business of the corporation.

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Competition	Company is faced with is the competition within the industry as new players in the construction industry are coming.	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.
Operational Risk	<p>With the Company's lean manpower organization, it is inevitable that the Company relies on few key personnel. Another operational 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</p>	<p>To counter the risk on lean manpower, 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.</p> <p>To counter on subcontractors, 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.</p>
Credit Risk	The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to its customers and other counterparties and by placing deposits.	The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with

		creditworthy counterparties. In addition, advance payments representing portion of the total contract price are received from customers to mitigate credit risk.
Liquidity Risk	The Company may fail to settle its obligation as they become due.	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.

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as Item 3. a. Company above since the companies within the Group operate within the same industry.		

(c) Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	Oversight of the risk management and internal control system	<p>The Audit Committee will continually perform the following to assist in internal control and risk management:</p> <ul style="list-style-type: none"> • Review of internal auditor's evaluation of internal controls • Evaluation of internal control issues raised by external auditors • Assess the control environment including IT systems and function. • Evaluation of sufficiency and effectiveness of risk management processes and policies With thorough understanding and assessment of the company's activities, the

		Audit Committee shall assess the identified risks and deliberate on the findings of weaknesses in the control and reporting process.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

Internal control system – the framework under which internal controls are developed and implemented (alone or in concert with other policies or procedures) to manage and control a particular risk or business activity, or combination of risks or business activities, to which the Company is exposed.

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

The internal audit annually submits a report to the Audit Committee attesting that the internal audit, control and compliance system of the Company is evaluated to be sound, in place and working effectively. The Audit Committee, in turn, reviews this internal audit evaluation and reports the same to the Board of Directors.

(c) Period covered by the review;

The period covered by the review was for the year 2012.

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

Internal control system is being reviewed yearly and from time to time as the need arises.

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

N/A.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
The role of the internal audit is to provide an independent and	The scope of work of internal audit involves the internal control, operational and financial activities of the	Outsource	Edison Astillero Jr.	Audit Committee and President

objective assurance designed to add value to and improve the corporation's operations, and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance processes.	Company.			

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

Yes. The Audit Committee is tasked to organize an internal audit, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Under the supervision of the Audit Committee, the Internal Auditor should formulate the rules and procedures on financial reporting and internal control. Yes, the internal auditor has direct and unfettered access to the board of directors and the audit committee.

- (d) Resignation, Re-assignment and Reasons

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

There has been no changes on the internal audit for the year 2014.

Name of Audit Staff	Reason
N/A	N/A

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

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

Progress Against Plans	There has been no deviation from the plans, significant issues and findings as of the moment
Issues⁶	
Findings⁷	

⁶ "Issues" are compliance matters that arise from adopting different interpretations.

⁷ "Findings" are those with concrete basis under the company's policies and rules.

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

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Ascertain that cash in banks reconciled with books, that debit/ credit memos were properly verified and taken up by books if necessary	Implemented
All collections are deposited on time and supported with Official Receipts and validated deposit slip	Implemented
Timely preparation of contracts	Implemented
Procedures in safeguarding of assets	Implemented

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Appointment and re-appointment of external auditors is approved during the annual stockholders’ meeting. The external auditor shall not be at the same time engage in internal audit. The Company ensure that other non-audit work shall not be in conflict with the audit function.	None	None	None

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

As attested herewith by the Chairman and the President, the Company continues to comply with the SEC Code of Corporate Governance and that all directors, officers and employees of the Company have been given proper instructions on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure its compliance.

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	A policy on the proper conduct towards clients and customers is embodied in the Company's Personnel Manual which was duly disseminated to the company personnel through memoranda, circulars and other orders of the Company.	Quality control is done during the actual construction stage. Likewise, before a project turn-over to the client a final inspection is taken to ensure its compliance to construction standards.
Supplier/sub-contractor selection practice	An accreditation process is established and undertaken for every supplier/subcontractor who wishes to participate in the bidding of the Company's on-going project works to ensure that the subcontractor's practices and works passes the standards of the Company.	Accreditation process is performed before accepting any offers from subcontractors with regards to the construction of its projects. This to ensure that the suppliers/subcontractors will conform to the company's rules and standards.
Environmentally friendly value-chain	Environmental friendly procedures are valued by the Company by ensuring that the company's projects/ developments passed the environment compliance procedures of any governing bodies.	Secure necessary permits and clearances before starting any projects. Allowing regulatory bodies to do audit and correct any findings.
Community interaction	The Company maintains and promotes good interaction among the communities engaged with	Meet with the representatives of each community and discuss issues.
Anti-corruption programs and procedures?	The Company conducts business in accordance with the law, the charter of the Company, and a high standard of commercial morality.	
Safeguarding creditors' rights	Liquidity of the Company is ensured so that liability to creditors is being settled as become due.	

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

The Annual report generally states its corporate responsibility or sustainability. It does not have a separate report on this item.

3) Performance-enhancing mechanisms for employee participation.

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

The company recognizes the role of its employees in the good performance and success of the business of the Company. In return, the Group values the health, safety and welfare of its employees. Benefits include

medical assistance benefit, annual physical check-up, accident insurance, semi-annual socials, loans and donations as needed, in addition to the work leaves and bonuses. Moreover, the Company provides retirement benefit based on PAS 19.

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

The company values its employees through provision of benefits which include retirement benefit, medical assistance benefit, annual physical check-ups, accident insurance, work leaves and bonuses. The data can be found in the Company's financial statements.

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

Training and development programmes are also given to the company employees for their continuing professional development and to improve their productivity. Following are the trainings attended:

Date	Seminars Attended
10/21/2014	Corporate Governance
9/23/2013	SEC Updates
11/27/2012	Quality Control for Small and Medium-Sized Practices
12/21/2011	Risk Based Audit
10/03/2011	IFRIC 15-What is its Impact and How Can Real Estate Companies Prepare For
11/17-19/2010	BIR Tax Seminars

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

The Company's reward/compensation policy is based on its profitability and liquidity results.

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

The Company protects its employees as embodied in the Company Personnel Manual.

The Management upholds the "No Discrimination" policy towards its employees. All employees are given due respect regardless of race, creed, sex and socio-economic status.

It is also the Board of Directors policy to ensure the protection of any reporting member of the board, officer or employee of any violations of any company rules and regulation and governmental laws. This is done through implementation of whistle blower policies wherein members of the Board, officer or employee are encouraged to speak up any problems within the Company without fear of retaliation.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Wilfredo Uy	18,000,000	16.36%	N/A
Mylene Lim	10,850,000	9.86%	N/A
Nimfa Leonco	10,850,000	9.86%	N/A
Arthur Lim	7,150,000	6.50%	N/A
Ferdinand Soliman	7,150,000	6.50%	N/A

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Ferdinand Z. Soliman	7,150,000	5,000,000 (Misael Soliman)	15.59%
Mylene T. Lim	10,850,000	7,150,000 (Arthur Lim)	16.36%
Emelita M. Mangosing	20,000	10,000 (Orlando Mangosing)	0.02%
Fernando Mamuyac	10,000		0.0091
Enrique C. Cunanan	10,000		0.0091
TOTAL			31.98%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No formal policy yet
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No, but disclose in Certificate of Attendance
Number of board of directors/commissioners meetings held during the year	
Attendance details of each director/commissioner in respect of meetings held	
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Araullo	P 360,000	none

4) Medium of Communication

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

- a. Print – Annual Reports, disclosures, information statements
- b. Digital – website

5) Date of release of audited financial report:

April 10, 2014.

6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	N/A
Shareholding structure	For updating
Group corporate structure	N/A
Downloadable annual report	Yes
Notice of AGM and/or EGM	For updating
Company's constitution (company's by-laws, memorandum and articles of association)	For updating

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

The Company's website is currently undergoing maintenance and improvement to include more information and updates including the above requirements. The Management assures that the required disclosures will put in place in due time.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Construction services	Common ownership or control	Transactions entered into the normal course of business	P 73,884,439
Advances to/from RP	Common ownership or control	The Company grants and obtains unsecured non-interest bearing cash advances	P 4,378,128
Key Management Personnel	Management personnel	Transactions entered into the normal course of business	P 545,070

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

Transactions entered into by the Company with related parties are disclosed to shareholders in the Company's annual report and annual audited financial statements. The disclosure includes the nature and extent of transactions with the affiliated and related parties. For the past five years up to present, there has been no complaint, dispute or problem on related party transactions.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	At least a majority of the outstanding capital stock, except in cases where a higher quorum requirement is required by the Corporation Code, in which case, two-thirds (2/3) of the outstanding shares shall be required.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Voting system (voting is usually done by the show of hands, and if required, through secret ballot).
Description	As provided in the Voting Procedures indicated in the Definitive Information Statement, the following are voting matters and procedures : a. Summary of Matters to be presented to Stockholders - b. Voting Procedures (Approval/ratification of the minutes of the annual stockholders' meeting; Ratification of the acts of the Board of Directors and Officers; Appointment of Independent External Auditors; Election of Directors)

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
There are no differences.	

Dividends

Declaration Date	Record Date	Payment Date
The Company has not declared and paid dividends for the last 5 years due to losses suffered		

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
A Question & Answer session is being entertained after the Management Report is presented during the Annual Meeting	Part of the agenda during the meeting

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

All of the above are subject to stockholders approval.

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

In accordance with the SRC Rules, at least fifteen (15) business days the information statements should be distributed to the stockholders. Last year, the Company sent before the Annual Meeting the Notice of Meeting and Information Statements eighteen (16) business days before the stockholders' meeting date of June 3, 2014.

- a. Date of sending out notices: [June 3, 2014](#)
- b. Date of the Annual/Special Stockholders' Meeting: [June 25, 2014](#)

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

In the last ASM, the Chairman of the Board opened the floor for any questions that the stockholders wished to discuss. Thereafter, there being no other questions from the floor, upon motion made and duly seconded, the report was approved by the majority of the outstanding capital stock.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of Previous Meeting of Stockholders	62%	0	0
Approval of 2013 Operations and Results	62%	0	0
Ratification of all Acts of the Board of Directors and Officers	62%	0	0
Election of Directors	62%	0	0
Appointment of External Auditor	62%	0	0

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
[June 25, 2014](#)

(e) Modifications

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

Modifications	Reason for Modification
None	N/A

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Ferdinand Soliman Emelita Mangosing Liza Niedo Roseller Anacito Fernando Mamuyac Enrique Cunanan	June 25, 2014	As provided in the Voting Procedures indicated in the Definitive Information using Proxy Forms	12%	50%	62%
Special	No special meeting was held.					

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

Yes, the Board of Directors appointed our Transfer Agent to be the Committee of Inspectors to validate votes during the Annual Stockholders' Meeting.

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

Yes, a one-share one-vote policy is in effect for company's common shares. Presently, there is only one class of share issued by the company.

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	In accordance with the Definitive Information Statement which deadlines are provided
Notary	Not required
Submission of Proxy	In accordance with the Definitive Information Statement which deadlines are provided
Several Proxies	N/A
Validity of Proxy	Valid only for the Stockholders' meeting for which it was intended
Proxies executed abroad	Same requirements with locally executed
Invalidated Proxy	Not counted but copies are kept
Validation of Proxy	In accordance with the Definitive Information Statement which deadlines are provided
Violation of Proxy	To be dealt in accordance with the Corporation Code

(h) Sending of Notices

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

Policies	Procedure
In accordance with the SRC Rule 20	

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	The total number of stockholders as of Record Date who are entitled to notice of and vote for the ASM
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	June 3, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	June 3, 2014
State whether CD format or hard copies were distributed	Hard copies were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Stockholders were provided hard copies and downloadable file available in the Company's website

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

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

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
Right to vote on all matters that require their consent or approval	One-share, one-vote is implemented
Pre-emptive right to all stock issuances of the corporation	Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Right to inspect corporate books and records	In accordance with the Manual of Corporate Governance and By-Laws
Right to information	All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of directors and changes to ownership.
Right to dividends	All stockholders are entitled to receive dividends
Appraisal right	Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Although all stockholders should be treated equally or without discrimination, minority stockholders may request in writing the holding of meetings and the items for discussion in the agenda that relate directly to a legitimate purpose and the business of the Corporation, subject to the requirement under the By-laws that such requesting stockholder is the holder of record of not less than one-fourth of the outstanding voting capital stock of the Corporation

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

Yes. All stockholders including the minority or non-controlling stockholders are entitled to nominate and vote for board of directors.

K. INVESTORS RELATIONS PROGRAM

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

External and internal policies are all in accordance with the Company's By-Laws, Manual on Corporate Governance and Code of Business Conduct and Ethics. The Compliance Officer is responsible for reviewing company disclosures, get approval from the President or Chairman for release of such disclosure to the public as the need arises.

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

	Details
(1) Objectives	<ol style="list-style-type: none"> 1. Communicate to the key stakeholders the Company's performance for the year and its significant undertakings. 2. Communicate the Company's financial strategy and broader strategic direction. 3. Increase investors' interest to the Company and create a positive market response
(2) Principles	<p>The Company's principles for its Investor Relations Program are as follows:</p> <ul style="list-style-type: none"> • Transparency • Materiality of disclosures • Accurate and timely information

(3) Modes of Communications	<ul style="list-style-type: none"> • Company Website- up to date uploading of business information: financial and non-financial • PSE and SEC disclosures • Press releases in newspapers
(4) Investors Relations Officer	None at the moment

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

The Company follows legal and regulatory requirements

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

Engagement of financial advisor as deemed necessary

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
When the Company's financial condition becomes stable and profitable, it wishes to help communities again by providing financial support or free construction services to the chosen beneficiaries	

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

	Process	Criteria
Board of Directors	The Company is in the process of developing the Key Result Area (KRA) matrix to determine annual performances	
Board Committees		
Individual Directors		
CEO/President		

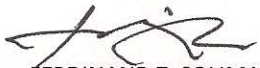
N. INTERNAL BREACHES AND SANCTIONS

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

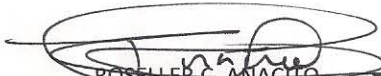
Violations	Sanctions
In case of first violation	Reprimand
In case of second violation.	Suspension
For third violation	Removal from office


Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2014.

SIGNATURES


FERDINAND Z. SOLIMAN
Chairman of the Board


FERNANDO MAMUYAC
Principal Operating Officer


ROSELLER C. ANACITO
Independent Director


LIZA S. NIEDO
Independent Director


EMELITA M. MANGOSING
Corporate Secretary



ENRIQUE C. CUNANAN
Compliance Officer

SUBSCRIBED AND SWORN to before me this day of DEC 22 2014
affiant(s) exhibiting to me his/their Residence Certificates/TIN, as follows:

NAMES	TIN
Ferdinand Soliman	106-835-141
Roseller Anacito	157-467-745
Emelita Mangosing	106-962-707
Enrique Cunanan	116-426-195
Liza S. Niedo	115-883-241
Fernando B. Mamuyac	108-785-502

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ATTY. EDITHA P. TALABOC
Notary Public in the City of Manila
Until December 31, 2015
PTR No. 2572880 / Jan. 14, 2014
IBP No. 962385 / Roll No. 43135
5th Floor Grand Residences Bldg.,
1415 M. Adriatico St., Malate Manila
MCLE No. IV-0040205/Legis Forum