COVER SHEET
For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	2	0	0	0	0	8	3	8	5

Company Name

SUPERCITY REALTY DEVELOPMENT CORPORATION

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

41ST FLOOR JOY~NOSTALG CENTER ADB AVENUE ORTIGAS CENTER, PASIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRM	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
r3cunanan@yahoo.com	638-7779	09428111468

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
361	November 25	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Enrique C. Cunanan	r3cunanan@yahoo.com	8638-7779	09322561377

Contact Person's Address

41st Floor Joy-Nostalg Center ADB Ave. Ortigas Ctr., Pasig City

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

SEC Number **A200008385**
File Number

SUPERCITY REALTY DEVELOPMENT CORPORATION
(Company's Full Name)

41st **FLOOR JOY NOSTALG BUILDING, ADB AVENUE ORTIGAS CENTER, PASIG CITY**
(Company Address)

8638-7779
(Telephone Number)

December 31
(Calendar Year Ending – Month & Day)

SEC Form 17-A
(Form Type)

Amendment Designation (If Applicable)

December 31, 2020
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, 2020**

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 CENTER, #17 ADB AVE.**
ORTIGAS CENTER, PASIG CITY **1605**
Address of principal office Postal Code

8. **(632)86387779**
Issuer's telephone number, including area code

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

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

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

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

Yes [**X**] No [ ]

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

12. Check whether the issuer:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

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

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

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

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Company Background

Supercity Realty Development Corporation, hereinafter referred to as SRDC, was registered with the SEC on June 9, 2000 under SEC Registration No. A200008385. The Company's authorized capital is ₱155,000,000.00 consisting of 155,000,000 Common Shares, with a par value of ₱1.00 per share. As of December 31, 2020, 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 30 years of experience in the field of construction, planning and design, (b) Mylene Lim, an architect who has more than 28 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 25 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, (f) Centella Homes Subdivision in San Isidro, Rodriguez, Rizal and (g) Terraverde Residences in Carmona, Cavite.

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, 2020, 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

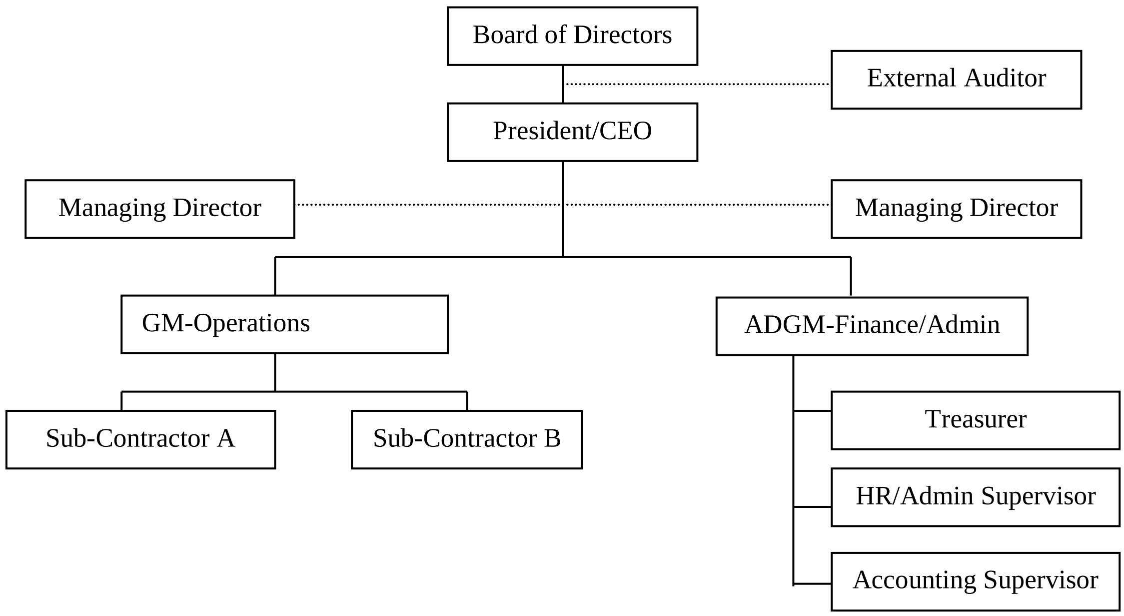
We are a leading construction company engaged in mass housing business providing total customer satisfaction using innovative and cost effective technology with the timely delivery of quality products and services.

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 2020 are presented in the chart below.

Services	**Amount**	**%**
Housing Development	228,057,410	100%
Land Development	-	-
Total	**228,057,410**	**100.00%**

Markets

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

Distribution Methods of Products and Services

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

Competition

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

Sources of Materials and Supplies

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

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

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

Major Clients

It has been the thrust of the Company to be a business partner of Real Estate Developers and as such it concentrates on serving the needs of its major clients namely: CenqHomes 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 1st quarter of 2021, the Company has newly awarded contracts as follows:

PROJECT DESCRIPTION	LOCATION	AMOUNT
Terraverde Res - Housing	Carmona, Cavite	39,482,000
Total		39,482,000

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. The company has obtained its new license from Philippine Contractors Accreditation Board under license no. 41794 valid until June 30, 2021.

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, 2020, 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) Constance Glass & Aluminum Ent. (b) Gamosa Builders (c) Mt. Mariah Ceng Builders, (d) Tri-al Konstruct (e) JPAR Construction, (f) Epi Construct Intl. and (q) Bernadene Construction

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

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 equipment and tools in the year 2008.

Item 3. Legal Proceedings

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

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

Not applicable

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's common equity is traded in the Philippine Stock Exchange (PSE). The shares of stock of the Company were initially traded on December 19, 2003. Following are the high and low sales prices for each quarter since January 1, 2017:

Quarter	High	Low
Jan – March 2017	0.80	0.80
Apr – June 2017	0.80	0.80
July – Sept 2017	0.80	0.80
Oct – Dec 2017	0.80	0.80
Jan – March 2018	0.80	0.80
Apr – June 2018	0.80	0.80
July – Sept 2018	0.80	0.80
Oct – Dec 2018	0.80	0.80
Jan – March 2019	0.80	0.80
Apr – June 2019	0.80	0.80
July – Sept 2019	0.80	0.80
Oct – Dec 2019	0.80	0.80
Jan - March 2020	0.80	0.80
Apr – June 2020	0.80	0.80
July – Sept 2020	0.80	0.80
Oct – Dec 2020	0.80	0.80
Jan – March 2021	0.80	0.80
Last practicable trading date May 11, 2021	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, 2021 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, cash flow and financial condition of the Company particularly on the unrestricted retained earnings.

Recent Sales of Unregistered Securities

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

Item 6. Management's Discussion and Analysis

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

Financial Highlights

Amounts are in thousand pesos except per share figures		
Key Operating and Financial Indicators	**Audited Figures**	
	2020	**2019**
Income Statement Data		
Revenues	228,057	216,049
Cost and Expenses	196,955	183,405
Income/(loss) From Operations	31,102	32,643
Net/(loss) Income	16,040	20,587
Balance Sheet Data		
Current Assets	78,300	80,420
Property and Equipment	-	-
Total Assets	78,300	80,420
Total Liabilities	34,479	52,640
Stockholders' Equity	43,821	27,781
Per Share Data		
Earnings (Loss) per Share*	0.15	0.19
Book Value per Share**	0.40	0.25

* 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, 2017, the defined benefit obligation recognized in the books amounted to P131,145 as compared to the P172,564 balance as of December 31, 2016. The decrease is due to the payment of benefits to one of its employee in the year 2016. As of December 31, 2016 and 2017 this account amounted to P172,564, and P131,145, respectively, reported under non-current liability. In 2018, the amount is derecognized since the qualified employee was transferred in the year 2018.

For the year 2020, the following projects were accomplished by the Company:

Services	Amount	%
Housing Development	228,057,410	100%
Land Development	-	-
Total	228,057,410	**100.00%**

<u>2020 Performance</u>

Revenues

In 2020, the Company generated P228.06M contract revenues, 5.56% higher than previous year revenue of P216.05M. This revenue came from housing projects located in Carmona, Cavite.

Gross Profit

Gross profit from construction contracts amounted to P31.10M, 4.72% lower than the previous year's P32.64M. The gross profit ratio posted at 14% and 15% in the year 2020 and 2019, respectively.

Cost and Expenses

Construction cost increased by 7.39% from P 183.41M in 2019 to P 196.95M in 2020. The increase in cost can be attributed to the increase in labor costs. Administrative expenses increased from P3.36M in 2019 to P 7.21 in 2020. The increase can be attributed to the increase in taxes and license and other operating expenses.

Income (Loss) from Operations

Income (Loss) from operations amounted to P 23.90M and P 29.29M in 2020 and 2019, respectively. Operating margin (loss) likewise decreased to 14% in 2020 from 15% in 2019. The decrease in operating margin in 2020 can be attributed to the higher labor cost incurred in 2020.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of P 16.04M and P 20.59M in 2020 and 2019, respectively. Correspondingly, net income (loss) ratio is 7.03% and 9.53% in 2020 and 2019, respectively. Earnings (Losses) per share likewise decreased from P0.187 in 2019 to P0.146 in 2020.

Total Assets

Total assets decreased by 2.64% from P80.42M in 2019 to P 78.30M in 2020. The decrease was due to the decrease in of some financial assets such as trade receivables and prepayments. The total of other current assets also decrease particularly the advances to sub-contractors and suppliers.

Liquidity

Current ratio increased from 1.53:1 in 2019 to 2.27:1 in 2020. This can be attributed to the decrease in the trade and other payables accounts such as trade payables from subcontractors. However, trade and other payables accounts also decrease due to the corresponding collections of downpayment and retentions fees from clients.

Leverage

The Company posted a debt-to-equity ratio of 0.79:1 in 2020 and 1.89:1 in 2019. The decrease can be attributed to the decrease in trade and other payable accounts. Likewise the capital deficit of the company has decreased.

2019 Performance

Revenues

In 2019, the Company generated P216.05M contract revenues, 222% higher than previous year revenue of P67.17M. This revenue came from land development and housing projects located in Carmona, Cavite.

Gross Profit

Gross profit from construction contracts amounted to P32.64M, 228% higher than the previous year's P9.97M. The gross profit ratio posted at 15.11% and 14.84% in the year 2019 and 2018, respectively.

Cost and Expenses

Construction cost increased by 220% from P 57.21M in 2018 to P 183.41M in 2019. The increase in cost can be attributed to the increase in revenue since this account is variable in nature. Administrative expenses increased from P 2.85M in 2018 to P 3.36 in 2019.

Income (Loss) from Operations

Income (Loss) from operations amounted to P 29.29M and P 7.39M in 2019 and 2018, respectively. Operating margin (loss) likewise increased to 14% in 2019 from 11% in 2018. The increase in operating margin in 2019 can be attributed to the higher revenue generated in 2019.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of P 20.59M and P 5.22M in 2019 and 2018, respectively. Correspondingly, net income (loss) ratio is 9.53% and 7.77% in 2019 and 2018, respectively. Earnings (Losses) per share likewise increased from P0.0475 in 2018 to P0.1872 in 2019.

Total Assets

Total assets increased by 61.95% from P49.66M in 2018 to P 80.42M in 2019. The increase was due to the increase in of some financial assets such as trade receivables and prepayments. The total of other current assets also increased particularly the advances to sub-contractors and suppliers for the downpayment made.

Liquidity

Current ratio increased from 1.17:1 in 2018 to 1.53:1 in 2019. This can be attributed to the increase in the trade and other receivable accounts such as trade receivables from clients. However, trade and other payables accounts also increased due to the corresponding downpayment made to subcontractors.

Leverage

The Company posted a debt-to-equity ratio of 1.89:1 in 2019 and 5.90:1 in 2018. The decrease can be attributed to the decrease in capital deficit of the company.

<u>2018 Performance</u>

Revenues

In 2018, the Company generated P67.17M contract revenues, 87% higher than previous year revenue of P35.87M. This revenue came from land development and housing projects located in Carmona, Cavite.

Gross Profit

Gross profit from construction contracts amounted to P9.97M, 123% higher than the previous year's P4.47M. The gross profit ratio posted at 12% and 15% in the year 2017 and 2018, respectively.

Cost and Expenses

Construction cost increased by 82% from P 31.40M in 2017 to P 57.21M in 2018. The increase in cost can be attributed to the increase in revenue since this account is variable in nature. Administrative expenses decreased from P 3.64M in 2017 to P 2.85 in 2018.

Income (Loss) from Operations

Income (Loss) from operations amounted to P 0.83M and P 7.39M in 2017 and 2018, respectively. Operating margin (loss) likewise increased to 11% in 2018 from 2% in 2017. The increase in operating margin in 2018 can be attributed to the higher revenue generated in 2018.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of P 8.51M and P 5.22M in 2017 and 2018, respectively. Correspondingly, net income (loss) ratio is 23.56% and 7.77% in 2017 and 2018, respectively. Earnings (Losses) per share likewise increased from P0.078 in 2017 to P0.0475 in 2018.

Total Assets

Total assets increased by 17.36% from P42.31M in 2017 to P 49.66M in 2018. The increase was due to the increase in of some financial assets such as trade receivables and prepayments. 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 1.45:1 in 2017 to 1.17:1 in 2018. This can be attributed to the increase in the current liability accounts such as trade payables and advances from clients. Moreover, trade and other receivable accounts decreased due to recognition of impairment of financial assets.

Leverage

The Company posted a debt-to-equity ratio of 2.27:1 in 2017 and 5.90:1 in 2018. The increase can be attributed to the increase in financial liability of the company.

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, 2014, 2015, 2016, 2017, 2018 2019 and 2020 an ROI of -6.50%, -36.82%, 0.26%, -0.25%, -0.51%, 0.75%, 4.75%, 18.72% and 14.58%, respectively, were 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. In 2015, the fixed assets were fully depreciated.

Inventory Turnover/Days in Inventory

Inventory turnover is computed by dividing the cost of goods sold for the period by the average inventory while days in inventory is computed as 360 days divided by inventory turnover. The Board of Directors and the Management find these performance indicators relevant as they indicate how long the Company utilizes its inventory, composed of construction materials and other supplies, in land development, house construction and specialty/miscellaneous works. The higher the inventory turnover and the lower the days in inventory, the better it is for the Company. Fast turnover and short days in inventory would translate into faster conversion of investment in inventories into revenues and eventually cash inflow.

The Company established the benchmark at 41.97 inventory turnover rate and 10.65 days in inventory. The figures were based on the historical average for the years 2003 and 2002. As previously mentioned, the figures for 2001 was dropped in determining the hurdle rate as it is not reflective of normal operations. In fact, inventory turnover rate for 2001 was 332.61 times while days in inventory is 1.08 days. Since 2001 is the Company's first full year in operations, it was just starting to build up its inventory. This resulted to an extremely high inventory turnover rate and an improbable 1.08 days in inventory. In 2002, the Company has started building up its inventory and has likewise increased its cost of service. Inventory level went up from P 0.3M in the beginning of the year up to P 8.0M at the end of the year or an average of P 4.1M. Cost of service, on the other hand, increased from P 60.1M in 2001 to P 249.9M in 2002, a 316% increase. This resulted to a 60.49 times inventory turnover rate, an 82% decrease from 2001 figure, and 5.95 days in inventory, a 450% increase from 2001. Since the Company has experienced abrupt increases in the cost of materials, it started its practice of stocking up materials and supplies to counter the effect of these price increases and in anticipation of large volumes of construction contracts. This hedging technique resulted to a 23.45 inventory turnover rate in 2003, a 61% decline from 2002, and 15.35 days in inventory, a 158% increase from 2002. Still, in 2004, the Company continued stocking up its materials and supplies as it anticipated increases both in the price of materials and in the number of contracts. Unfortunately, however, the expected increase in projects did not materialize while its average inventory level doubled from the previous year. This resulted to an inventory turnover rate of 11.75 times, 50% lower than the 2003 rate, and 30.64 days in inventory, quite long when compared with the hurdle rate of 10.65 days. In 2005, the inventory turnover rate posted to 10.76 times, 8.4% lower that the previous year's and 33.46 days in inventory, still quite long compared with the hurdle rate of 10.65days. In 2006, the inventory turnover rate posted to only 7.83 times, 27.26% lower that the previous year's and 45.98 days in inventory,. In 2007, the inventory turnover rate further decreased to 5.89 times or 61.07 days in inventory due to lower sale revenue. However in 2008 and 2009, the company generated an inventory turnover rate of 8.25 and 9.59 times or 43.64 and 37.54 days in inventory, respectively, merely due to the decrease in the ending balance of inventory. In 2010 up to 2020, the Company did not maintain inventory due to the awarding of contracts to its sub-contractors on a straight basis where the latter supplied also the required 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 2014, 2015, 2016, 2017, 2018, 2019 and 2020, current ratio was posted at 3.06:1, 1.17:1, 1.18:1, 1:16:1, 1.14:1, 1.45:1, 1.17:1, 1.53:1 and 2.27:1, 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 deft-to-equity ratios were posted, respectively. In 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020 it posted at 0.57:1, 0.50:1, 6.64:1, 6.52:1, 7.45:1, 8:47:1, 2.27:1, 5.90:1, 1.89:1 and 0.79:1, 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 2020, the Company generated revenues from construction activities particularly on its housing development projects. 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)

Balance Sheets Items:

Account Title	***As Of***		**Inc/(Dec)**		**Remarks**
	12/31/2020	**12/31/2019**	**Amount**	**%**	
Cash & cash equivalents	13,705,542	5,364,185	8,341,357	156%	Increase was due to higher collection efficiency for the retention fees from the clients.
Trade and other receivables	42,974,287	47,270,330	(4,296,043)	-9%	Decrease pertains to the collections of trade receivables and retentions fees for the construction services rendered to clients
Prepayments and other current assets	21,620,528	27,785,881	(6,165,353)	-22%	Decrease is due to the decrease in creditable taxes that were applied in the year 2020
Trade and other payable	34,346,175	52,506,739	(18,160,564)	-35%	Decrease was due to the decrease in Trade Payable accounts particularly for the payment for subcontractors
Total Liabilities	34,479,207	52,639,771	(18,160,564)	-34%	Decrease was due to the decrease in Trade Payable accounts particularly for the payment for subcontractors
Total equity	43,821,150	27,780,625	16,040,525	58%	Increase pertains to the net income earned in 2020

Income Statement Items:

Account Title	For the Year Ending		Inc/(Dec)		Remarks
	12/31/2020	12/31/2019	Amount	%	
Revenues	228,057,410	216,048,828	12,008,582	6%	Increase was due to higher accomplishment since the company was awarded several contracts this year 2020
Contract Cost	196,954,738	183,405,426	13,549,312	7%	Increase was due to higher labor costs incurred in 2020
Gross Profit	31,102,672	32,643,402	(1,540,730)	-5%	Decrease was due to lower profit margin generated in 2020 due the higher labor cost.
Administrative expenses	3,469,181	1,974,932	1,494,249	76%	Increase was due to increase in taxes and licenses accounts and other administrative expenses.
Total Operating expenses	7,207,155	3,357,221	3,849,934	115%	Increase was due to the increase in administrative expenses as described above.
Finance Income	15,511	107,847	(92,336)	-595%	Pertains to interest earned during the given year
Income Before Tax	23,911,028	29,394,028	(5,483,000)	-19%	Decrease was due to higher labor cost which resulted to lower profit margin
Tax Expenses	7,870,503	8,807,423	(936,920)	-11%	Decrease was due to lower income and the decrease in income tax rate under CREATE law
Net Income	16,040,525	20,586,605	(4,546,080)	-22%	Decrease was due to higher labor cost incurred which resulted to lower profit margin for the year 2020
Total Comprehensive Income	16,040,525	20,586,605	(4,546,080)	-22%	Decrease was due to higher labor cost incurred which resulted to lower profit margin for the year 2020

Item 7. Financial Statements

Included in this report are the audited Comparative Financial Statements of the Company for the years ended December 31 2019 and 2020.

Item 8. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

	2020	2019
Audit and Audit-Related Fees	380,800	380,800
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, 2020 and 2019, 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

<u>Board of Directors</u>
Following are the incumbent members of the Board of Directors of the Company:

Ferdinand Z. Soliman, 57, *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, 57, 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, 57, *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, 46, *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, 56, 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 30, 2021.

Independent Directors

Ms. Liza S. Niedo, 49, 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, 55, ***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 Corportation, a real estate company.

Principal Officers

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

Ferdinand Z. Soliman, 57, *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, 57, *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, 56, 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, 52, Acting Deputy General Manger-*Finance and Administration*, Filipino, heads the Finance Department. Mr. Cunanan has been with the Company since the start of its operation. He graduated from the Pampanga College in 1989 with a Bachelor of Science degree in Commerce and earned units in Masters of Science in Information Technology at the Ateneo Graduate School. He also had several training conducted by the Philippine Institute of Certified Public

Accountants. He has been an Accountant since 1991 in several construction firms. He is the Company's Compliance Officer to the Securities and Exchange Commission (SEC) and Corporate Information Officer (CIO) to the PSE.

Family Relationships

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

Involvement in Certain Legal Proceedings

At present, the Company is not aware of:

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

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

- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the incumbent Directors or senior management of the Company in any type of business, securities, commodities or banking activities; and

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

Item 10. Executive Compensation

The following table shows the aggregate compensation received by the President, Chief Operating Officer, Acting Deputy General Manager-Finance/Admin, Acting Deputy General Manager-Operations, and the most highly compensated officer of the Company for the years 2018, 2019 and 2020 (estimate only).

Summary Compensation Table:

Name and Principal Position	Year	Salary (₱)	Bonus (₱)
Enrique Cunanan, ADGM-Finance/Admin Engr. Fernando Mamuyac, ADGM-Operations Engr. Emelita Mangosing, PMU-Head Arch. Mylene Lim, Controller Engr. Ferdinand Soliman, CEO	2019 (actual)	292,679	Nil
	2020 (actual)	381,028	Nil
	2021 (estimate)	550,000	Nil
All Directors and Officers as a Group Unnamed	2019 (actual)	292,679	Nil
	2020 (actual)	381,028	Nil
	2021 (estimate)	550,000	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 5,000.00.

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, 2020, 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, 2020 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	
	2020	2019	2020	2019
Related Parties under Common Ownership:				
Construction Services	228,057,410	216,048,828	52,763,330	45,751,927
Advances from Related Parties	-	11,608,805	-	-
Advances to Related Parties	11,740,895	11,771,895	223,764	11,964,659
Advances from customers	2,856,336	5,098,933	(13,903,990)	(16,760,326))
Key Management Personnel:				
Compensation	381,028	292,679	-	-

In 2020 and 2019, the Company's outstanding receivables with related parties were subjected to impairment using the Company's ECL model. These receivables have substantially the same risk characteristics as the trade receivables. As such, the expected loss rates for trade receivables are a reasonable approximation of the loss rates for receivables 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 as at December 31, 2020 and 2019) 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.

The movements in the Advances to related parties are shown below.

	2020	2019
Balance at beginning of the year	11,964,659	192,764
Write-off of advances	-	-
Collections	-	-
Additions	(11,740,895)	11,771,895
Balance at end of year	223,764	11,964,659

PART IV – CORPORATE GOVERNANCE

Compliance with the Manual of Corporate Governance

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

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

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

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

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

Financial Statements

1. Statement of Management's Responsibility for Financial Statements
2. Report of Independent Auditors
3. Statements of Financial Position as of December 31, 2020 and 2019
4. Statements of Comprehensive Income for the Years Ended December 31, 2020, 2019, and 2018
5. Statements of Changes in Equity for the Years Ended December 31, 2020, 2019 and 2018
6. Statements of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018
7. Notes to Financial Statements

Supplementary Schedules

1. Report of Independent Auditors on Supplementary Schedules
2. Supplementary Schedules Table of Contents
3. Schedule A. Financial Assets
4. Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
5. Schedule G. Capital Stock
6. Summary of Financial Soundness Indicators

(b) Reports on SEC Form 17-C

None

(c) Sustainability Report

The Company's Sustainability Report for 2020 (Reporting Template for Sustainability Report) is hereto attached and incorporated herein by reference.

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 15, 2021.

By:

FERDINAND Z. SOLIMAN Principal Executive Officer	**ENRIQUE C. CUNANAN** Principal Accounting Officer
MYLENE T. LIM Treasurer	**EMELITA MANGOSING** Corporate Secretary

MAY 10 2021

SUBSCRIBED AND SWORN to before me this _____ day of _________ 2021 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

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PAGE NO. 58
BOOK NO. 87
SERIES OF 2021

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2021
PTR No. 0683154 / 1-4-2021 / QC
IBP No. 093587 / 10-22-2019 / QC
Roll No. 30457 / 05-09-80
MCLE VI-0030379 / 2-21-2020
Adm. Matter No. NP-001(2020-2021)
TIN NO. 131-942-754

SuperCity Realty Development Corporation

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

April 07, 2021

The Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

The management of **Supercity Realty Development Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2020 and 2019**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders for the period December 31, 2020 and 2019, respectively, have examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.

Signature: FERDINAND Z. SOLIMAN
Chairman of the Board

Signature: FERDINAND Z. SOLIMAN
President

Signature: MYLENE T. LIM
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this ________day of 15 APR 2021, 2021 at QUEZON CITY; affiant exhibited to me his/her Tax Identification No. as follows:

NAME:	TIN NO.
FERDINAND SOLIMAN	106-835-141
MYLENE LIM	106-835-915

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2021
NOTARY PUBLIC
IBP No. 093587 / 10-22-2019/ QC
Roll No. 30457 / 05-09-80

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Page No. 89
Book No. B
Series of 2021

P&A
Grant Thornton

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

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and the Stockholders
Supercity Realty Development Corporation
41st Floor, Joy-Nostalg Building
No. 17 ADB Avenue, Ortigas Center
Brgy., San Antonio, Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Supercity Realty Development Corporation (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, 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, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which provides relevant information on the status of operations of the Company. As discussed therein, the Company reported a substantial deficit of P67.7 million and P83.7 million as at December 31, 2020 and 2019, respectively. This condition, along with the other matters set forth in Note 1, indicates the existence of a material 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 still underway. In addition, the same related parties have expressed their commitment to provide continuing financial support to the Company until such time that the Company is able to improve its financial condition. In connection with our audits, we have performed audit procedures to evaluate management's plans and actions as to likelihood of improving the situation and as to feasibility under the circumstances. Accordingly, the accompanying financial statements have been prepared assuming that the Company will continue as a going concern entity which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, we have determined the matters described below to be the key audit matters to be communicated in our report.

(a) Recognition of Revenues and Cost of Construction Contracts

Description of the Matter

The Company derives its revenues amounting to P228.1 million solely from construction contracts with its related parties and uses the percentage of completion using the input method to determine the appropriate amount of contract revenues to be recognized for the reporting period. We have identified that the revenue recognition of construction contracts is significant to our audit due to the significance of the contract revenues, the complexity of the application of PFRS 15, *Revenue from Contracts with Customers*, in construction contracts, and the application of significant management judgment in determining when to recognize construction revenue and proper recognition of costs in estimating the stage of completion of the construction. An error in the application of the requirements of PFRS 15 and of management judgment and estimate could cause a material misstatement in the financial statements.

The Company's disclosures on its revenue recognition policy, estimation uncertainty on accounting for revenue recognition using the percentage of completion, and contract revenues and costs are included in Notes 2, 3, 9, and 12 to the financial statements, respectively.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition of construction contracts, which was considered to be a significant risk, included, among others, the following:

- Updating our understanding of the Company's contract revenues and cost processes, and controls over the recognition and measurement of contract revenues and costs;

- Examining all construction contracts in the current period for contract prices, construction period, terms and other conditions, and compliance;

- Evaluating appropriateness of the Company's revenue recognition in relation to its compliance with the requirements of PFRS 15 which include the following:

  - reviewing and discussing with management significant customer contracts, including contractual terms and conditions to ensure these contracts are appropriately accounted for in accordance with PFRS 15;

  - evaluating whether the methodology by which management determines the stage of completion for construction contracts is appropriate and consistent with the Company's satisfaction of its performance obligation; and,

  - determining whether performance obligation is distinct for proper allocation of transaction price.

- Testing the schedules of contracts completed and on-going projects as of the end of the reporting period such as, but not limited to, verifying the mathematical accuracy of the schedules, agreeing beginning balances, and recalculating ending balances based on contract costs for the current period; and agreeing contract prices to construction contracts;

- Performing detailed analysis of progress billings and actual costs by tracing a sample of transactions throughout the current period to source data to verify the propriety of reported amounts, and verifying the appropriateness of the Company's cut-off procedures on contract revenues; and,

- Evaluating the sufficiency and adequacy of disclosures in the Company's financial statements in accordance with PFRS.

(b) Recoverability of Contracts Receivables

Description of the Matter

As at December 31, 2020, the Company's contracts receivables arising from construction contracts [net of allowance for expected credit loss (ECL)] amounting to P41.8 million represents 53.4% of the total assets of the Company and are concentrated to the Company's related parties. The Company's management exercises significant judgment and makes estimates in determining when the contract receivables are impaired and how much impairment losses need to be recognized in accordance with the ECL model under PFRS 9, *Financial Instruments*. The Company's significant accounting policies, management judgment and estimates, which are described in Notes 2 and 3 to the financial statements, include the application of the ECL model based on the lifetime ECL wherein the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The key elements used in the calculation of the ECL include the probability of default, loss given default and exposure at default.

Because of the complexity of the requirement of PFRS 9 in determining ECL and the uncertainties involved in management's use of judgment and estimates, we identified the adoption of ECL model and recoverability of the Company's contract receivables discussed above as a key audit matter.

How the Matter was Addressed in the Audit

Our audit procedures to determine the appropriateness of the ECL model applied by the Company, the recoverability of contract receivables, and the adequacy of the related allowance for credit losses included, among others, the following:

- Updating our understanding of the Company's credit and collection policy;
- Evaluating appropriateness of the Company's ECL model based on the requirements of the standard and the related policies and procedures of the Company;
- Evaluating the Company's methodology for identifying credit risk and estimating future cash flows, including the related party debtors' payment abilities by examining payment and transaction history with the Company;
- Performing analytical review procedures including, among others, receivable turnover and other ratio analyses, prior period estimates on allowance for impairment and consistency with the developments during the current period based on our expectations and following up variances from our expectations; and,
- Evaluating the sufficiency and adequacy of disclosures in the Company's financial statements in accordance with PFRS.

(c) Conduct of Remote Audit

Description of the Matter

The COVID-19 pandemic has prompted management and the audit team to have most of the audit conducted remotely. The current working arrangements are relevant and significant to our audit since it created an increased risk of material misstatement due to less in-person communication with the Company's management and personnel, and lack of access to the physical records and original documents. Given the changes in how the audit was performed, the audit necessitated exercising enhanced professional skepticism.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of performing a significant portion of the audit remotely included the following:

- Considered the nature of the engagement and the engagement team's knowledge of the entity and its environment when we decided whether it is possible to perform a significant portion of the audit remotely;

- Intensified the application of PSA requirements, especially in respect of providing proper supervision and review;

- Obtained information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculations in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;

- Determined the reliability of audit evidence provided electronically using enhanced professional skepticism and techniques designed to reinforce the skills of assistants in evaluating audit evidence obtained electronically;

- Performed inquiries through video conference calls in order to more effectively assess the facial expressions and body language of people being interviewed as well as to make the interaction more effective; and,

- Adhered to and applied strictly the Firm's reinforced and enhanced quality control process.

Other Information

Management is responsible for the other information, which comprise the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2020, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2020 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 PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Jessie C. Carpio.

PUNONGBAYAN & ARAULLO

By: **Jessie C. Carpio**
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 8533224, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 0011-AR-5 (until Mar. 25, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-6-2020 (until Jun. 25, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 5, 2021

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
A S S E T S			
CURRENT ASSETS			
Cash	4	**P 13,705,542**	P 5,364,185
Receivables - net	5	**42,974,287**	47,270,330
Other current assets	6	**21,620,528**	27,785,881
TOTAL ASSETS		**P 78,300,357**	P 80,420,396
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	8	**P 34,346,175**	P 52,506,739
Provisions for rework	3	**133,032**	133,032
Total Current Liabilities		**34,479,207**	52,639,771
EQUITY			
Capital stock	13	**110,000,000**	110,000,000
Additional paid-in capital		**1,509,641**	1,509,641
Deficit		**(67,688,491)**	(83,729,016)
Net Equity		**43,821,150**	27,780,625
TOTAL LIABILITIES AND EQUITY		**P 78,300,357**	P 80,420,396

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
CONTRACT REVENUES	12	**P 228,057,410**	P 216,048,828	P 67,170,182
CONTRACT COSTS	9	**196,954,738**	183,405,426	57,205,388
GROSS PROFIT		**31,102,672**	32,643,402	9,964,794
OPERATING EXPENSES	9			
Administrative expenses		**3,469,181**	1,974,932	1,494,901
Other operating expenses		**3,737,974**	1,382,289	1,352,112
		7,207,155	3,357,221	2,847,013
OTHER OPERATING INCOME		**-**	-	274,666
OPERATING PROFIT		**23,895,517**	29,286,181	7,392,447
OTHER INCOME				
Interest income	4	**15,511**	107,847	56,714
PROFIT BEFORE TAX		**23,911,028**	29,394,028	7,449,161
TAX EXPENSE	11	**7,870,503**	8,807,423	2,229,077
NET PROFIT		**16,040,525**	20,586,605	5,220,084
TOTAL COMPREHENSIVE INCOME		**P 16,040,525**	P 20,586,605	P 5,220,084
Basic and Diluted Earnings Per Share	14	**P 0.146**	P 0.187	P 0.047

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Capital Stock (see Note 13)	**Additional Paid-in Capital**	**Reserve** (see Note 10)	**Deficit** (see Notes 1 and 2)	**Total**
Balance at January 1, 2020	P 110,000,000	P 1,509,641	P -	(P 83,729,016)	P 27,780,625
Total comprehensive income for the year	-	-	-	16,040,525	16,040,525
Balance at December 31, 2020	**P 110,000,000**	**P 1,509,641**	**P -**	**(P 67,688,491)**	**P 43,821,150**
Balance at January 1, 2019	P 110,000,000	P 1,509,641	P -	(P 104,315,621)	P 7,194,020
Total comprehensive income for the year	-	-	-	20,586,605	20,586,605
Balance at December 31, 2019	P 110,000,000	P 1,509,641	P -	(P 83,729,016)	P 27,780,625
Balance at January 1, 2018	P 110,000,000	P 1,509,641	P 37,143	(P 109,572,848)	P 1,973,936
Result of curtailment of post-employment benefit obligation	-	-	(37,143)	37,143	-
Total comprehensive income for the year	-	-	-	5,220,084	5,220,084
Balance at December 31, 2018	P 110,000,000	P 1,509,641	P -	(P 104,315,621)	P 7,194,020

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 23,911,028**	P 29,394,028	P 7,449,161
Adjustments for:				
Interest income	4	**(15,511)**	(107,847)	(56,714)
Gain on curtailment of post-employment benefit obligation	10	**-**	-	(45,843)
Operating profit before working capital changes		**23,895,517**	29,286,181	7,346,604
Decrease (increase) in receivables		**4,296,043**	(36,737,623)	4,434,821
Increase in other current assets		**(1,702,048)**	(9,442,298)	(7,855,073)
Increase (decrease) in trade and other payables		**(18,160,564)**	21,784,632	3,473,277
Decrease in retirement benefit obligation		**-**	-	(101,220)
Cash generated from operations		**8,328,948**	4,890,892	7,298,409
Cash paid for final taxes	11	**(3,102)**	(21,569)	(11,343)
Net Cash From Operating Activities		**8,325,846**	4,869,323	7,287,066
CASH FLOWS FROM AN INVESTING ACTIVITY				
Interest received	4	**15,511**	107,847	56,714
CASH FLOWS FROM FINANCING ACTIVITY				
Payments for advances from related parties	12	**-**	(11,608,805)	-
NET INCREASE (DECREASE) IN CASH		**8,341,357**	(6,631,635)	7,343,780
CASH AT BEGINNING OF YEAR		**5,364,185**	11,995,820	4,652,040
CASH AT END OF YEAR		**P 13,705,542**	P 5,364,185	P 11,995,820

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

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.

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, 2020, 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 12.1). It has no other major activities, hence, no segment information and disclosures are presented in the Company's financial statements.

On December 11, 2014, the Company's BOD and stockholders approved the change of the Company's registered address and principal place of business from Unit 1223 12/F, City & Land Mega Plaza, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City to 41st Floor, Joy-Nostalg Building, No. 17 ADB Avenue, Ortigas Center, Brgy. San Antonio, Pasig City. On July 15, 2015, an amended general information sheet showing the change in address was submitted to the SEC. On February 12, 2016, the application for the change in address was approved by the Bureau of Internal Revenue (BIR).

1.2 Status of Operations

The Company reported a substantial deficit of P67.7 million and P83.7 million as at December 31, 2020 and 2019, respectively. 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 still underway. In addition, the same related parties have expressed their commitment to provide continuing financial support to the Company until such time that the Company is able to improve its financial condition. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include any adjustments to reflect possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that might result from the outcome of this uncertainty.

1.3 Impact of COVID-19 Pandemic on the Company's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Company's business operations.

The following are the impact of the COVID-19 pandemic to the Company's business:

- temporary closure of its office and stoppage of construction activities for a certain period of time and subsequently, when it resumed operations, implemented flexible working arrangements;

- operating at less than full capacity as the employees and subcontractors were unable to report for work; and,

- additional administrative expenses were incurred to ensure health and safety of its employees and subcontractors such as the frequent disinfection of facilities and COVID-19 testing for its employees.

In response to this matter, the Company has taken the following actions:

- negotiated for longer payment terms from subcontractors and implemented cost savings measures; and,

- shifted to remote environment and prepared for long-term remote work situations in the event of another government movement restriction, focusing on business continuity plan and scenario planning to manage the continuing threat of COVID-19.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Company would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

1.4 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2020 (including the comparative financial statements as of December 31, 2019 and for the years ended December 31, 2019 and 2018) were authorized for issue by the Company's BOD on April 5, 2021.

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.

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expenses and other comprehensive income, if any, 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 2020 that are Relevant to the Company

The Company adopted for the first time the following pronouncements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2020:

Conceptual Framework	:	Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Company's financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements,* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PFRS 7 (Amendments), *Financial Instruments: Disclosures,* and PFRS 9 (Amendments), *Financial Instruments – Interest Rate Benchmark Reform*. The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Company's financial statements.

(b) Effective *in 2020 that are not Relevant to the Company*

Among the amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2020, only PFRS 3 (Amendments), *Business Combinations – Definition of a Business*, is not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2020 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements.

(i) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(ii) Among the Annual Improvements to PFRS 2018-2020 Cycle which are effective from January 1, 2022, only PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*, is relevant to the Company. The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

(iii) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

2.3 Financial Assets

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

(a) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets, other than those designated and effective as hedging instruments, are classified into the following classification: financial assets at amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). Currently, the relevant financial asset classification applicable to the Company is financial assets at amortized cost.

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

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for contracts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents and Receivables.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include 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.

Interest income on financial assets measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Company calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets. Interest income earned is recognized in the statement of comprehensive income as Interest Income.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

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

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

(b) Impairment of Financial Assets

At the end of the reporting period, the Company assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company recognizes lifetime ECL for trade and other receivables. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) Derecognition of Financial Assets

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

2.4 Other Current Assets

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

Advances to contractors and suppliers pertain to down payments made by the Company, which are subsequently amortized as the performance obligation is performed. These advances are classified as current since it would be applied as payments for subcontractors.

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 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 2.10). 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 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

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

2.7 Offsetting of 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 construction contracts only. To determine whether to recognize revenue, the Company follows a five-step process:

(a) identifying the contract with a customer;
(b) identifying the performance obligation;
(c) determining the transaction price;
(d) allocating the transaction price to the performance obligations; and,
(e) recognizing revenue when/as performance obligations are satisfied.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(a) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(b) each party's rights regarding the goods or services to be transferred or performed can be identified;
(c) the payment terms for the goods or services to be transferred or performed can be identified;
(d) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(e) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(a) the customer simultaneously receives and consumes the benefits as the Company performs;
(b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(c) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company often enters into transactions involving construction contracts with related parties. The significant judgments used in determining the timing of satisfaction of performance obligation are disclosed in Note 3.1(a). The transaction price allocated to performance obligations satisfied over time as revenue as the performance obligation is satisfied. The Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Company's contracts with customers have original expected duration of one year or less.

Contract revenue is recognized over time 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.

Cash received from customers, which are applied to subsequent progress billings are recognized as a contract liability and is presented as Advances from customers under Trade and Other Payables account in the statement of financial position.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in the statement of comprehensive income.

2.10 Impairment of Non-financial Assets

The Company's non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

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

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value 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. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.11 Employee Benefits

The Company provides the following benefits to its employees:

(a) Post-employment 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 2018, the Company's only employee that is qualified for retirement benefits has transferred to the Company's affiliate due to reorganization. As such, the amount of retirement benefit obligation was reversed. As of December 31, 2020 and 2019, there were no liabilities recognized in the Company's statements of financial position for a defined benefit obligation.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds as published by Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and any return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Interest Expense or Interest Income account in the statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment 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, *Provisions, Contingent Liabilities and Contingent Assets*, 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 end of 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 Other payables under 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.

2.12 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred 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, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.13 Related Party Relationships and Transactions

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

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party 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.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the transaction. In case a majority of the independent directors' vote is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock.

For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets, the same BOD approval shall be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Any member of the BOD with potential interest in any material related party transaction should abstain from participating in the discussions and voting on the same. In case of refusal to abstain, the attendance and vote of such member shall not be counted for purposes of assessing the quorum and determining majority approval.

2.14 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.

Reserve represents gains and losses due to the remeasurements of post-employment defined benefit obligation. Relative to the curtailment of the Company's post-employment defined benefit plan, the outstanding balance of the revaluation reserves amounting to P37,143 in 2018 was transferred to Deficit account.

Deficit represents all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by amounts of dividends declared, if any.

2.15 Earnings Per Share

Basic earnings per share is computed by dividing the net profit 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 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.

2.16 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) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenue from construction services shall be recognized over time in accordance with the percentage of completion method. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides the construction services that create or enhance an asset that the customer controls as the asset is created or enhanced. This demonstrates that the customer obtains the benefits of the Company's rendering of construction service as it performs.

In determining the best method of measuring the progress of the Company's rendering of construction services, management considers the input method (i.e., based on the actual cost incurred as a percentage of total estimated costs for each contract as determined and certified by project engineers) under PFRS 15. Under the input method, there is an observable direct relationship between the Company's effort, in terms of incurred labor hours, and the transfer of service to the customer from the Company.

(b) Determination of ECL on Receivables

The Company uses a provision matrix to calculate ECL for its receivables. The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's receivables are disclosed in Note 16.2(b).

(c) 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 thereon are presented in Note 15.

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) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 16.2(b).

(b) Estimation of 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, there is no change in the estimated useful life of furniture and fixtures during such period. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above. Furniture and fixtures were fully depreciated as of December 31, 2020 and 2019.

(c) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. In 2020 and 2019, 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 11).

(d) 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 2.10). 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 on non-financial assets in 2020, 2019 and 2018 based on management's assessment.

(e) Estimation of 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.

(f) Accounting for 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 end 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

Cash is broken down as follows:

	2020	2019
Cash in banks	**P 13,703,542**	P 5,362,185
Cash on hand	**2,000**	2,000
	P 13,705,542	P 5,364,185

Cash in banks generally earn interest based on daily bank deposit rates. Interest income is presented as Interest Income account under Other Income (Charges) in the statements of comprehensive income.

5. RECEIVABLES

This account is composed of the following:

	Notes	2020	2019
Contracts receivables	12.1	**P 52,763,330**	P 45,751,927
Advances to related parties	12.2	**223,764**	11,964,659
Others		**956,883**	523,434
		P 53,943,977	P 58,240,020
Allowance for impairment		**(10,969,690)**	(10,969,690)
		P 42,974,287	P 47,270,330

Contracts receivables is broken down as follows:

	2020	2019
Billed	**P 16,025,582**	P 16,560,236
Retention	**36,737,748**	29,191,691
	P 52,763,330	P 45,751,927

Certain outstanding contracts receivables as of December 31, 2020 and 2019, which are all from related parties, were found to be impaired using the provision matrix as determined by the management; hence, adequate amount of allowance for impairment have been recognized [see Note 16.2(b)].

All of the Company's receivables have been reviewed for impairment. In 2018, upon adoption of PFRS 9, the Company recognized impairment losses, as approved by its BOD, for its long outstanding receivables amounting to P11.0 million. No additional impairment was recognized in 2020 and 2019.

6. OTHER CURRENT ASSETS

This account consists of:

	2020	2019
Creditable withholding tax	**P 11,182,900**	P 14,500,061
Advances to contractors and suppliers	**7,565,071**	10,757,913
Deferred input VAT	**2,617,807**	2,273,156
Others	**254,750**	254,751
	P 21,620,528	P 27,785,881

Advances to contractors and suppliers pertain to down payments made by the Company based on a certain percentage of the contract price. The initial payment will eventually be recouped or deducted from the amount payable of the Company either in a pro-rated basis or in full once billed by the contractors and supplier. These advances are classified as current since it would be applied as payments for subcontractors.

7. FURNITURE AND FIXTURES

The gross carrying amounts and accumulated depreciation of furniture and fixtures at the beginning and end of 2020, 2019 and 2018 are shown below.

Cost	P 49,562
Accumulated depreciation	(49,562)
Net carrying amount	P -

In 2018, the Company retired its fully depreciated assets with cost amounting to P9.7 million and no gain or loss arose on such derecognition of these assets. As at December 31, 2020 and 2019, the Company's remaining furniture and fixtures with a cost of P49,562 are fully depreciated but are still used in operations.

8. TRADE AND OTHER PAYABLES

This account consists of:

	Note	**2020**	2019
Trade payables		**P 2,905,269**	P 10,337,757
Advances from customers	12.3	**13,903,990**	16,760,326
Retention fees		**10,777,192**	19,722,963
Deferred output VAT		**6,287,322**	4,893,556
Output VAT payable		**97,772**	317,968
Others		**374,630**	474,169
		P 34,346,175	P 52,506,739

Deferred output VAT arose from the uncollected contracts receivable.

9. COST AND OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Note	**2020**	2019	2018
Outside services		**P 196,533,386**	P 183,185,876	P 57,170,650
Taxes and licenses		**2,377,222**	829,012	379,929
Professional fees		**1,103,954**	1,032,000	978,100
Salaries and employee benefits	10.1	**381,028**	292,679	162,910
Utilities and communication		**51,922**	73,178	58,633
Repairs and maintenance		**14,900**	19,100	161,210
Miscellaneous		**3,699,481**	1,330,802	1,140,969
		P 204,161,893	P 186,762,647	P 60,052,401

Miscellaneous mainly includes expenditures for security services, subscription dues, transportation and travel, trainings and seminars, deficiency taxes, penalties and office supplies.

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

	2020	2019	2018
Contract costs	**P 196,954,738**	P 183,405,426	P 57,205,388
Administrative expenses	**3,469,181**	1,947,932	1,494,901
Other operating expenses	**3,737,974**	1,382,289	1,352,112
	P 204,161,893	P 186,762,647	P 60,052,401

Contract costs for the years ended December 31, 2020, 2019 and 2018 consist of the following:

	2020	2019	2018
Subcontractors' fee	**P 196,533,386**	P 183,205,876	P 57,170,650
Taxes and licenses	**421,352**	199,550	34,738
	P 196,954,738	P 183,405,426	P 57,205,388

10. EMPLOYEE BENEFITS

10.1 Salaries and Employee Benefits Expense

The Company recognized salaries and employee benefits expense in 2020, 2019 and 2018 amounting to P0.4 million, P0.3 million and P0.2 million, respectively (see Note 9), which only pertains to short-term employee benefits.

10.2 Post-employment Defined Benefit Plan

Starting in 2015, the Company is covered by an unfunded, non-contributory post-employment multi-employer plan with its related parties that is classified as a defined benefit plan. For 2020 and 2019, no employee of the Company qualified for the post-employment plan.

In 2018, the Company derecognized its post-employment benefit obligation amounting to P131,145. This transaction resulted to the recognition of curtailment gain amounting to P29,925.

11. TAXES

The components of tax expense reported in profit or loss and other comprehensive income are shown below.

	2020	2019	2018
Reported in profit or loss:			
Regular corporate income tax (RCIT) at 30%	**P 7,867,401**	P 8,785,854	P 2,217,734
Final tax at 20%	**3,102**	21,569	11,343
	P 7,870,503	P 8,807,423	P 2,229,077

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

	2020	2019	2018
Tax on pretax profit at 30%	**P 7,173,308**	P 8,818,208	P 2,234,748
Adjustment for income subjected to lower income tax rate	**(1,551)**	(10,785)	(5,671)
Tax effect of non-deductible expenses	**698,746**	-	-
	P 7,870,503	P 8,807,423	P 2,229,077

The Company did not recognize the deferred tax assets of P3,290,907 relating to allowance for impairment of receivables and P39,910 relating to the provisions for rework as of December 31, 2020 and 2019, as management does not expect to have future taxable profits against which tax assets can be utilized.

In 2018, the deferred tax liability was derecognized as part of the curtailment of the post-employment defined benefit obligation.

The curtailment gain is treated as a deduction in the Salaries and employee benefits under Operating Expenses account in the 2018 statement of comprehensive income (see Note 10.2).

The Company is subject to MCIT, which is computed at 2% of gross income less allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher. Accordingly, the Company was liable to pay RCIT in 2020, 2019 and 2018.

In 2020, 2019 and 2018, the Company claimed itemized deductions in computing its income tax due.

The discussion and the impact of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act is disclosed in Note 19.

12. 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 2.13. A summary of the transactions and balances of the Company with its related parties is presented below.

Related Party Category	Notes	Amount of Transactions 2020	2019	2018	Outstanding Balances 2020	2019
Related Parties Under Common Ownership:						
Construction services	12.1	**P 228,057,410**	P 216,048,828	P 67,170,182	**P 52,763,330**	P 45,751,927
Advances from related parties	12.2	**-**	11,608,805	-	**-**	-
Advances to related parties	12.2	**11,740,895**	11,771,895	13,600	**223,764**	11,964,659
Advances from customers	12.3	**2,856,336**	5,098,933	7,595,650	**(13,903,990)**	(16,760,326)
Key Management Personnel –						
Compensation	12.4	**381,028**	292,679	162,910	**-**	-

In 2020 and 2019, the Company's outstanding receivables with related parties were subjected to impairment using the Company's ECL model. These receivables have substantially the same risk characteristics as the trade receivables. As such, the expected loss rates for trade receivables are a reasonable approximation of the loss rates for receivables from related parties [see Note 16.2(b)].

12.1 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.

When the Company prepares its investor presentations, it disaggregates its revenues. The Company determines that the categories used in the investor presentations and financial reports used by the Company's management can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers and other counterparties into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In all years presented, the Company solely derives its revenues from its related parties. Furthermore, its revenues comprise revenue from construction contracts only, which is recognized over time usually over a period of 12 months. All of the Company's construction projects are residential projects in Carmona, Cavite.

Service income arising from these transactions with related parties are presented as Contract Revenues in the statements of comprehensive income. The related outstanding receivables 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 receivable.

	Note	**2020**	2019
Balance at beginning of year		**P 45,751,927**	P 21,281,605
Contract revenues, gross of VAT		**255,424,299**	236,555,976
Collections		**(248,412,896)**	(212,085,654)
Balance at end of year	5	**P 52,763,330**	P 45,751,927

The Company has also existing commitments, guarantees, and contingent liabilities relating to ongoing construction projects of the Company (see Note 15).

12.2 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 as at December 31, 2020 and 2019) 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 are shown below.

	2020	2019
Balance at beginning of year	**P 11,964,659**	P 192,764
Additions (collections)	**(11,740,895)**	11,771,895
Balance at end of year	**P 223,764**	P 11,964,659

Total outstanding advances from related parties as of December 31, 2019 are presented as Advances from Related Parties account in the statements of financial position.

There was no outstanding advances from related parties as of December 31, 2020 and 2019. In 2019, the Company paid the advances from related parties amounting to P11.6 million.

The advances to and from related parties have no fixed repayment terms and are generally payable in cash on demand, or through offsetting arrangements (see Note 17.3). 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.

12.3 Advances from Customers

The Company receives advances from related party customers which will be applied against progress billings based on work accomplishment on the construction projects. The amount of outstanding advances received from related parties are presented as Advances from customers under Trade and Other Payables account in the statements of financial position (see Note 8).

12.4 Key Management Personnel Compensation

The compensation of key management personnel for the years ended December 31, 2020, 2019 and 2018 amounted to P381,028, P292,679 and 162,910, respectively (see Note 10.1), and only represents short-term employee benefits.

Certain administrative functions of the Company are performed by the officers of a related party under common ownership at no cost to the Company. There is no outstanding liability relating to these transactions as of December 31, 2020 and 2019.

12.5 Lease of Office Space

In 2015, the Company transferred to an office space located at a floor of a building being rented by one of the Company's stockholders, at no cost to the Company in 2020, 2019 and 2018.

13. CAPITAL STOCK

As at December 31, 2020 and 2019, 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 other securities exchange.

14. EARNINGS PER SHARE

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

	2020	2019	2018
Net profit	**P 16,040,525**	P 20,586,605	P 5,220,084
Divided by the weighted average number of outstanding common shares	**110,000,000**	110,000,000	110,000,000
Basic and diluted earnings per share	**P 0.146**	P 0.187	P 0.047

The Company has no dilutive potential common shares as at December 31, 2020, 2019 and 2018; hence, diluted earnings per share equals the basic income per share.

15. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees, and contingent liabilities relating to construction projects and other activities 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, 2020 and 2019, 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.

16. 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.

16.1 Market Risk

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

16.2 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.

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

	Notes	**2020**	2019
Cash	4	**P 13,705,542**	P 5,364,185
Receivables - net	5	**42,974,287**	47,270,330
		P 56,679,829	P 52,634,515

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

The credit risk for cash 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 (R.A.) No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation,* are also subjected to credit risk.

(b) Receivables

The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

To measure the ECL for trade receivables, the Company uses a provision matrix which is based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is based on the Company's historical observed default rates. The management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward looking information.

Advances to related parties are also evaluated by the Company for impairment and assessed that no ECL should be provided based on the available highly liquid asset and credit standing of the related parties.

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 and by an analysis of the related parties' current financial position, adjusted for factors that are specific to the related parties (including possible offsetting of outstanding liability with the debtor), the Company considers the credit quality of contract receivables that are not impaired to be good.

The expected loss rates are based on the payment and aging profiles and the corresponding historical credit losses experience. Accordingly, the Company recognized loss allowance equivalent to 100% of the outstanding trade receivables that are past due (i.e., aged more than one year) as of December 31, 2020 and 2019. Management deems this estimate to be adequate and reflective of the Company's ability to collect from its customers.

Loss allowance amounting to P11.0 million was recognized in prior years. No additional loss allowance is recognized as at December 31, 2020 and 2019.

16.3 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, 2020 and 2019, the Company's financial liabilities amounted to P13,789,675 and P30,170,908, 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.

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

17.1 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.

		December 31, 2020		December 31, 2019	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
At amortized cost:					
Cash	4	**P 13,705,542**	**P 13,705,542**	P 5,364,185	P 5,364,185
Receivables – net	5	**42,974,287**	**42,974,287**	47,270,330	47,270,330
		P 56,679,829	**P 56,679,829**	P 52,634,515	P 52,634,515
Financial Liabilities					
At amortized cost:					
Trade and other payables	8	**P 13,789,675**	**P 13,789,675**	P 30,170,908	P 30,170,908

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 16.

Due to their short-term nature, management considered the carrying amounts of these financial instruments to equal or approximate their fair values as at December 31, 2020 and 2019.

17.2 Fair Value Hierarchy

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

- 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, 2020 and 2019. For financial assets (such as Cash and Receivables) and financial liabilities (such as Trade and Other Payables) measured at amortized cost for which fair value is disclosed, management considers that their carrying amounts equal or approximate their fair values (see Note 17.1).

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

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets:				
Cash	P 13,705,542	P -	P -	P 13,705,542
Receivables	-	-	42,974,287	42,974,287
	P 13,705,542	**P -**	**P 42,974,287**	**P 56,679,829**
Financial liabilities –				
Trade and other payables	**P -**	**P -**	**P 13,789,675**	**P 13,789,675**
December 31, 2019				
Financial assets:				
Cash	P 5,364,185	P -	P -	P 5,364,185
Receivables	-	-	47,270,330	47,270,330
	P 5,364,185	P -	P 42,270,330	P 52,634,515
Financial liabilities:				
Trade and other payables	P -	P -	P 30,170,908	P 30,170,908

17.3 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments as of December 31, 2020 and 2019 and does not have relevant offsetting arrangements except as disclosed in Note 12.2. 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.

There are no outstanding advances from related parties as at December 31, 2020 and 2019 that can be set-off against the outstanding advances to and receivables from related parties, gross of allowance for impairment amounting to P52,987,094 and P57,716,586 as at December 31, 2020 and 2019, respectively.

18. 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:

	2020	2019
Total liabilities	**P 34,479,207**	P 52,639,771
Total equity	**43,821,150**	27,780,625
Debt-to-equity ratio	**0.79 : 1.00**	1.89 : 1.00

19. EVENT AFTER THE END OF REPORTING PERIOD

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, amending certain provisions of the National Internal Revenue Code of 1997, as amended, was signed into law with veto on certain provisions and shall be effective 15 days after its publication. The CREATE Act has several provisions with retroactive effect beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to the Company:

a. RCIT rate is decreased from 30% to 25% starting July 1, 2020;
b. MCIT rate is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
c. The imposition of 10% tax on improperly accumulated retained earnings is repealed;
d. The allowable deduction for interest expense is reduced to 20% (from 33%) of the interest income subjected to final tax;

Given that the CREATE Act was signed after the end of the current reporting period, the Company determined that this event is a non-adjusting subsequent event. Accordingly, its impact was not reflected in the Company's financial statements as of and for the year ended December 31, 2020, and instead, will be taken up prospectively in the next applicable reporting period. The Company used the prevailing tax rates as of December 31, 2020 in determining its current and deferred taxes in its 2020 financial statements.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and creditable withholding taxes, as presented in the 2020 annual income tax return (ITR) of the Company, would be lower and higher than the amount presented in the 2020 financial statements, respectively. Presented below is the reconciliation of the impact of the application of CREATE Act between the Company's 2020 financial statements and 2020 annual ITR.

	Amount per 2020 Financial Statements	Impact of CREATE Act	Amount per 2020 ITR
RCIT	P 7,867,401	(P 655,616)	P 7,211,785
Creditable withholding taxes	11,182,900	655,616	11,838,516

20. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding page are the supplementary information which is required by the BIR under Revenue Regulation (RR) No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding page.

(a) Output VAT

In 2020, the Company declared output VAT amounting to P25,948,743 based on gross receipts amounting to P216,239,523. 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 2020 statement of comprehensive income.

The Company did not have zero-rated and VAT exempt transaction in 2020.

The Output VAT payable and deferred output VAT as of December 31, 2020 is presented under Trade and Other Payables account in the 2020 statement of financial position.

(b) Input VAT

The movements in input VAT in 2020 is summarized below.

Balance at beginning of year	P -
Services lodged under cost of goods sold	16,471,739
Input VAT applied against output VAT	(16,471,739)
Balance at end of year	**P -**

The outstanding deferred input VAT, related to advances to contractors to be applied in the next reporting period, amounted to P2.6 million as of December 31, 2020 and is presented as part of Other Current Assets account in the 2020 statement of financial position.

(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, 2020.

(d) Excise Tax

The Company did not have any transactions in 2020, which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

The Company did not incur any DST in 2020.

(f) Taxes and Licenses

The details of taxes and licenses are broken down as follows:

Business tax	P	2,359,580
Municipal license and permits		17,142
Annual VAT registration		500
	P	**2,377,222**

The amounts of taxes and licenses are allocated as follows:

Other operating expenses	P	1,955,870
Contract costs		421,352
	P	**2,377,222**

(g) Withholding Taxes

In 2020, the Company remitted expanded withholding taxes amounting to P3,996,610. There were no transactions subject to withholding taxes on compensation as taxable compensation expenses of the Company did not exceed P250,000 and is subject to 0% withholding tax rate. The Company has no transactions which are subject to final withholding taxes.

(h) Deficiency Tax Assessments and Tax Cases

In 2020, the Company paid deficiency taxes amounting to P314,629 on VAT, withholding taxes, and income taxes which includes the basic taxes and interest, for taxable year 2014. In addition, The Company availed of the *"Tax Amnesty Act"* and paid the compromise tax amounting to P1,462,339 on VAT and income taxes for taxable year 2012. Deficiency and compromise taxes paid are presented as part of Miscellaneous account under Other Operating Expenses in the 2020 statement of comprehensive income.

There is an ongoing examination for all internal revenue taxes for the taxable year 2018. This tax assessment has not been settled as of date and is still under protest. No provision has been recognized for this contingency since the Company is confident that the tax assessment will be resolved in its favor as it has available support documents showing that the various taxes covered by the assessment have been computed, reported and paid properly.

As of December 31, 2020, the Company does not have any other final deficiency tax assessments from the BIR nor does it have any tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

P&A Grant Thornton

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

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The Board of Directors and Stockholders
Supercity Realty Development Corporation
41st Floor, Joy-Nostalg Building
No. 17 ADB Avenue, Ortigas Center
Brgy., San Antonio, 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, 2020, on which we have rendered our report dated April 5, 2021. 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 Revised 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: **Jessie C. Carpio**
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 8533224, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 0011-AR-5 (until Mar. 25, 2022)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-6-2020 (until Jun. 25, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 5, 2021

SUPERCITY REALTY DEVELOPMENT CORPORATION
List of Supplementary Information
December 31, 2020

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule A - Financial Assets (Financial Assets at Amortized Cost)
December 31, 2020
(Amounts in Philippine Pesos)

Description of Each Issue	*Amount Shown in the Statement of Financial Position*		*Income Received and Accrued*	
Cash	P	13,705,542	P	15,511
Receivables		42,974,287		-
	P	56,679,829	P	15,511

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
December 31, 2020
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Position	Balance at Beginning of Period	Additions	Write-off	Amounts Collected	Amounts Written off	Current	Non Current	Balance at End of Period
Related Parties									
Extraordinary Development Corporation		P 11,928,959	P -	P -	(P 11,756,395)	P -	P 172,564	P -	P 172,564
City & Life Properties, Inc.		35,700	15,500	-	-	-	51,200	-	51,200
Total Receivable from Related Parties		P 11,964,659	P 15,500	P -	(P 11,756,395)	P -	P 223,764	P -	P 223,764

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule G - Capital Stock
December 31, 2020

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, coversion and other rights	Number of shares held by Related parties	Number of shares held by Directors, officers and employees	Number of shares held by Others
Common shares - P1 par value						
Authorized - 155,000,000 shares						
Issued and outstanding - 110,000,000 shares in 2020 and 2019	155,000,000	110,000,000	-	-	56,220,000	53,780,000

P&A
Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

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The Board of Directors and the Stockholders
Supercity Realty Development Corporation
41st Floor, Joy-Nostalg Building
No. 17 ADB Avenue, Ortigas Center
Brgy., San Antonio, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Supercity Realty Development Corporation (the Company) for the years ended December 31, 2020 and 2019, on which we have rendered our report dated April 5, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2020 and 2019 and for each of the two years in the period ended December 31, 2020 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Jessie C. Carpio
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 8533224, January 4, 2021, Makati City
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Partner - No. 0011-AR-5 (until Mar. 25, 2022)
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 5, 2021

SUPERCITY REALTY DEVELOPMENT CORPORATION
Supplemental Schedule of Financial Soundness Indicators
December 31, 2020 and 2019

Ratio	Formula	2020	Formula	2019
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 78,300,357 Divide by: Total Current Liabilities 34,479,207 Current ratio 2.27	2.27	Total Current Assets divided by Total Current Liabilities Total Current Assets 80,420,396 Divide by: Total Current Liabilities 52,639,771 Current ratio 1.53	1.53
Acid test ratio	Quick assets (Total Current Assets less Other Current Assets) divided by Total Current Liabilities Total Current Assets 78,300,357 Less: Other Current Assets 21,620,528 Quick Assets 56,679,829 Divide by: Total Current Liabilities 34,479,207 Acid test ratio 1.64	1.64	Quick assets (Total Current Assets less Other Current Assets) divided by Total Current Liabilities Total Current Assets 80,420,396 Less: Other Current Assets 27,785,881 Quick Assets 52,634,515 Divide by: Total Current Liabilities 52,639,771 Acid test ratio 1.00	1.00
Solvency ratio	Total Assets divided by Total Liabilities Total Assets 78,300,357 Divide by: Total Liabilities 34,479,207 Solvency ratio 2.27	2.27	Total Assets divided by Total Liabilities Total Assets 80,420,396 Divide by: Total Liabilities 52,639,771 Solvency ratio 1.53	1.53
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 34,479,207 Divide by: Total Equity 43,821,150 Debt-to-equity ratio 0.79	0.79	Total Liabilities divided by Total Equity Total Liabilities 52,639,771 Divide by: Total Equity 27,780,625 Debt-to-equity ratio 1.89	1.89
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 78,300,357 Divide by: Total Equity 43,821,150 Assets-to-equity ratio 1.79	1.79	Total Assets divided by Total Equity Total Assets 80,420,396 Divide by: Total Equity 27,780,625 Assets-to-equity ratio 2.89	2.89
Interest rate coverage ratio*	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 23,911,028 Divide by: Interest expense - Interest rate coverage ratio N/A	N/A	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 29,394,028 Divide by: Interest expense - Interest rate coverage ratio N/A	N/A
Return on equity	Net Profit divided by Average Equity Net Profit 16,040,525 Divide by: Average Equity 35,800,888 Return on equity 0.45	0.45	Net Profit divided by Average Equity Net Profit 20,586,605 Divide by: Average Equity 17,487,323 Return on equity 1.18	1.18
Return on assets	Net Profit divided by Average Assets Net Profit 16,040,525 Divide by: Average Assets 79,360,377 Return on assets 0.20	0.20	Net Profit divided by Average Assets Net Profit 20,586,605 Divide by: Average Assets 65,039,180 Return on assets 0.32	0.32
Net profit margin	Net Profit divided by Total Revenue Net Profit 16,040,525 Divide by: Total Revenue 228,057,410 Net profit margin 0.07	0.07	Net Profit divided by Total Revenue Net Profit 20,586,605 Divide by: Total Revenue 216,048,828 Net profit margin 0.10	0.10

******The Company has no existing interest-bearing loans as of December 31, 2020 and 2019.*

SuperCity Realty Development Corporation

Service… Reliability… Development… Care…

SUSTAINABILITY REPORT

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	SUPERCITY REALTY DEVELOPMENT CORPORATION
Location of Headquarters	41st JOY NOSTALG CENTER, ADB AVE. ORTIGAS ENTER,PASIG CITY
Location of Operations	CARMONA, CAVITE
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This Annex shall report on the operations of the following construction projects of the Company: 1. Terraverde Residences - Housing Projects in Carmona, Cavite Phase 3 2. Teraverde Residences – Housing Projects in Carmona, Cavite Phase 4
Business Model, including Primary Activities, Brands, Products, and Services	The Company is engaged 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
Reporting Period	January 1 to December 31, 2020
Highest Ranking Person responsible for this report	Engr. Ferdinand Z. Soliman

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[14]
In determining the materiality topics associated with sustainability issues, the Company determines the relevant topics that are sufficiently important and essential to be included in the report. Global Reporting Initiative (GRI) Standards were used as references and guides in applying materiality topics. Each material topic answers to a standard/s set by the GRI that helps monitor Company's performance towards a more sustainable business (see Table A). The Company gears towards sustainable design, construction and operations that contribute to the Sustainable Development Goals (SDGs) of the United Nations (UN). Moreover, the Company follows a framework where people, planet and profit prosper at the same time.

Table A: Alignment of Material Topics to GRI Standards

Criticality	Material Topic	Relevant GRI Standard	Contribution to SDGs
High	Business Ethics	GRI 102-16: Values, principles, standards, and norms of behavior GRI 205: Anti-corruption	SDG 16: Peace, Justice and Strong Institutions
High	Product Design, Quality, Safety & Lifecycle Management	GRI 102-9: Supply chain GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment GRI 416: Customer Health and Safety	SDG 9: Industry, Innovation and Infrastructure SDG 12: Responsible Consumption and Production
High	Business Model Resilience	GRI 102-11: Precautionary Principle or approach GRI 102-15: Key impacts, risks, and opportunities	SDG 16: Peace, Justice and Strong Institutions
High	Management of Legal & Regulatory Environment	GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance	SDG 16: Peace, Justice and Strong Institutions
Medium	Ecological & Climate Impacts	GRI 304: Biodiversity	SDG 13: Climate Action
High	Employee Health, Safety, and Wellbeing	GRI 403: Occupational Health and Safety	SDG 3: Good Health and Well-being
Medium	GHG Emissions & Energy Management	GRI 302: Energy GRI 305: Emissions	SDG 7: Affordable and Clean Energy

Medium	Human Rights, Community Relations & Customer Welfare	GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 411: Rights of Indigenous Peoples GRI 412: Human Rights Assessment GRI 413: Local Communities	SDG 10: Reduced Inequalities

[14] See GRI 102-46 (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	228,057,410	PhP
Direct economic value distributed:		
a. Operating costs	7,207,155	PhP
b. Employee wages and benefits	870,717	PhP
c. Payments to suppliers, other operating costs	196,954,738	Php
d. Dividends given to stockholders and interest payments to loan providers	0	PhP
e. Taxes given to government	7,870,503	PhP
f. Investments to community (e.g. donations, CSR)	0	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Economic value is distributed as a result of its primary operations through payments to employees, subcontractors, suppliers and to the government agencies.	*Employees, Suppliers, Subcontractors and Government*	The Company has systems in place to ensure that obligations to employees, subcontractors, suppliers and the government are settled immediately.
The economic impact is perceived mainly through its core business which is real estate constructions.	Customers, subcontractors, suppliers, and the government	The Company has a real estate construction services which include housing and land development construction services.

For the Terraverde Residence construction housing projects, the housing units are developed and sold by the developers under different housing programs. The Company is an accredited general contractor of the developer for their construction requirements.	Customers, subcontractors, suppliers, and the government	The Company employs several subcontractors to effectively serve and deliver its commitment on time and with quality.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's growth is dependent upon the awarding of real estate construction contracts of its client developers.	Employees, subcontractors, suppliers, customers, shareholders, government	The Company hires sufficient subcontractors to provide timely and quality construction services to its clients to ensure customer satisfaction.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's construction business will benefit from the Government's Build, Build, Build Programs that will contribute to increase demand for construction services.	Employees, subcontractors, suppliers, customers, shareholders, government	The Company continues to seek improvement on its construction services. Moreover, the Company is considering to engage in real estate development when the need arises.

Climate-related risks and opportunities

Governance	
Disclose the organization's governance around climate-related risks and opportunities	The Board of Directors oversees climate-related risks and opportunities and takes them into consideration when developing its business processes and strategies. Moreover, the Board considers climate-related risks and opportunities through the recommendations of Management and other committees and their alignment with Company's mission and vision.

Strategy	
Disclose the actual and potential impacts[16] of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material	Major natural disaster may impact the business in its timely completion of its projects and may include potential damage such as repair costs and project delays. To reduce climate-related risks and take advantage of opportunities, the Company always supports the conservation of natural resources. Construction designs that mitigate and adapt to climate change, and reduce man-made environmental damage are always taken into consideration when making business decisions.

Risk Management	
Disclose how the organization identifies, assesses, and manages climate-related risks	The Board of Directors oversees climate-related risks and opportunities and takes them into in its enterprise risk management (ERM) framework. Moreover, the Audit Committee oversee that a sound ERM is in place and is aligned with the Company's business processes and strategies. The ERM objectives and functions include regular communication on risk exposures, assessment and management.

Metrics and Targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	To augment its ERM system, the Company plans to develop appropriate metrics and targets to assess and monitor the impacts of climate-related risks and minimize them through measures that will ensure uninterrupted operations and safety of all its stakeholders.

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Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company relies on various subcontractors and local suppliers for construction and other materials.	Subcontractors, suppliers, customers	The Company has established a pre-qualification process to conduct due diligence and ensure the subcontractors are legit and have the capabilities to meet the Company's standards in constructions as well as its code of conduct, facility standards and the environment.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The subcontractors may not always be available, or they may not meet the Company's quality standards.	Subcontractors, suppliers, customers	The Company evaluates the performance of the subcontractors and suppliers. If a subcontractors failed to perform or meet the standard, a take-over notice will be served and another subcontractor will continue their works
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's strong relationship with the subcontractors enables the Company to share knowledge and maintain long lasting business opportunities	Subcontractors, suppliers, customers	The Company maintains strong relationship with its subcontractors and suppliers. It shares construction methodology to further improve construction services.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Corruption may exists in every business dealing that affects the company's integrity.	Employees, subcontractors, suppliers, government, shareholders	The Company has adopted a Code of Business Conduct and Ethics which states that any forms of corruption will not be tolerated by the Company.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Corrupt practices may have a negative impact on the Company's integrity.	Employees, subcontractors, suppliers, government, shareholders	The company ensures that all employees must act with integrity and should not make compromises on their business dealings that will affect its image.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunity to ensure that the adherence to Company's Business Conduct and Ethics are sufficient to combat corruption.	Employees, subcontractors, suppliers, government, shareholders	Constant review of the Company's Business Conduct and Ethics is undertaken to ensure that any forms of corruption shall be avoided.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Corruption incidence affects company's integrity. This may affect in every business dealings entered into by the Company	Employees, subcontractors, suppliers, government, shareholders	The Company implements its Anti-corruption policy to ensure proper procedures are followed to avoid or minimize corruption.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Those handling the awarding of contracts have the highest risk for corruption.	Employees, subcontractors, suppliers, government, shareholders	The company maintains strong internal control procedures to prevent corruptions
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Improve Company's image and ensure that transactions are free from corruption.	Employees, subcontractors, suppliers, government, shareholders	The Company reviews and improves its internal control to deter anyone from committing corrupt practices.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	Not available	GJ
Energy consumption (gasoline)	Not available	GJ
Energy consumption (LPG)	Nil	GJ
Energy consumption (diesel)	Not available	GJ
Energy consumption (electricity)	Not available	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	Not available	GJ
Energy reduction (LPG)	Nil	GJ
Energy reduction (diesel)	Not available	GJ
Energy reduction (electricity)	Not available	kWh
Energy reduction (gasoline)	Not available	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
The Company uses energy in the construction site and in the corporate office. Its consumption of energy may not have material impact to the environment.	Employees, community, government	The Company encourages energy conservation in the construction site and in the corporate office.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Shortage of supply	Employees, community, government	The Company encourages to all its employees and business partners to conserve energy.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Efficient use of energy may increase profitability	Stockholders, government	The Company seeks to improve its energy consumption and use materials that consume less energy.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	Not available	Cubic meters
Water consumption	Not available	Cubic meters
Water recycled and reused	Not available	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company uses water in the construction site and in the corporate office. Its consumption of energy may not have material impact to the environment.	Employees, community, government	The Company encourages water conservation in the construction site and in the corporate office.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Shortage of supply	Employees, community, government	The Company encourages to all its employees and business partners to conserve water.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Efficient use of water may lower its operating costs	Employees, community, stockholders, government	The Company implements measures to reduce water consumption in its facilities and educates its subcontractors and employees on the importance of water conservation.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	Not available	kg/liters
• non-renewable	Not available	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	Not applicable (The Company is not engaged in manufacturing products.)	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company's construction project located in Carmona, Cavite. It uses construction materials to build the housing units of the said housing project.	Contractors, suppliers, community, customers	The Company recognizes that the some construction materials such as cement, steel bars, and glass are non-renewable which entails costs, energy and emissions to produce.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Scarcity of materials impacts pricing which indirectly affects the Company's competitiveness.	Subcontractors, suppliers, customers	The Company awards contracts to its subcontractors which include labor and materials. Thus, the Company is protected by the volatility of the price of materials during the construction stage.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Significant portion of the total cost of the projects pertain to construction materials such as steel and cement. The reduction in materials usage has corresponding effect on financial performance.	Subcontractors, suppliers, customers, shareholders	The Company is working together with its subcontractors on analyzing the efficiency of the usage of materials in its current real estate project development. Through this data, better design and construction systems can be created to increase efficiency in the usage of materials.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)*

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN[17] Red List species and national conservation list species with habitats in areas affected by operations	N/A	

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	Not available	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	Not available	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	Not available	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	Management Approach
Air emissions identified by the Company are mostly from electricity consumption. Indirect emissions come from the overall operations of the Company in its construction site and corporate office.	Community, customers, employees, shareholders	The Company's objective is to reduce emissions generated by continuously improving its efficiency in the usage of electricity.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
GHG emissions from the generation of electricity can contribute to climate change.	Community, customers, employees, shareholders	The Company will work on energy conservation measures to mitigate the impact of GHG emissions.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company sees an opportunity to reduce carbon emissions by incorporating energy efficient designs in its developments which can have a direct financial impact.	Community, customers, employees, shareholders	The Company's real estate construction project designs incorporates features to consume less electricity. These designs are expected to translate to considerable energy savings.

Air pollutants

Disclosure	Quantity	Units
NO_x	Not available	kg
SO_x	Not available	kg
Persistent organic pollutants (POPs)	Not available	kg
Volatile organic compounds (VOCs)	Not available	kg
Hazardous air pollutants (HAPs)	Not available	kg
Particulate matter (PM)	Not available	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Air quality in the construction site may have significantly impact the health of workers and the community	Employees, communities	The Company ensures that its implementation of construction takes into consideration that air pollutants shall be minimized.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The risk for air pollutants to be present may stop the construction projects	Subcontractors, clients and communities	The Company throughout the construction phase ensures that air pollutants shall be minimized

What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company sees an opportunity to improve its construction methodology to minimize air pollutants	Subcontractors, clients and communities	The Company's continues to seek improvements on its construction designs and methodology to have a clean and environment friendly processes.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	Not available	kg
Reusable	Not available	kg
Recyclable	Not available	kg
Composted	Not available	kg
Incinerated	Not available	kg
Residuals/Landfilled	Not available	kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	Not available	kg
Total weight of hazardous waste transported	Not available	kg

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	Not available	Cubic meters
Percent of wastewater recycled	Not available	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Solid and Hazardous Wastes Wastes that are generated from the Company's construction project are collected by the developers who are also in-charge of its proper disposal **Effluents** The Company consumes water in its project site and corporate office. The Company produces water discharges as a result of its day to day operations.	Government, community, environment Government, community, environment	**Solid and Hazardous Wastes** The Company makes closed coordination with its clients/developers to ensure proper waste disposal. **Effluents** The Company minimizes effluents by coordinating with its clients/developers by designing and incorporating in its project site wastewater treatment system.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The company recognizes that it does not have full control whether the wastes collected from its project site are being recycled or stored in landfills. Biodegradable wastes that are dumped in these landfills become major source of GHG emissions.	Government, community, environment	The Company makes closed coordination with its clients/developers to ensure proper waste disposal. The Company minimizes effluents by designing and incorporating in its project site wastewater treatment system.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company sees the opportunity to contribute to the improvement of waste management in the project sites.	Government, community, environment	The Company assesses also the waste management disposal in the project sites as a whole and recommends improvements to it clients/developers closed coordination with its clients/developers to ensure proper disposal

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company's main business activity is constructions which involves movement of soil, materials and other resources that can disrupt environment.	Employees, community, government, environment)	The Company recognizes that compliance to environmental laws is paramount to its operations. The Company ensures full compliance within the project sites is being observed.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Non-compliance with environmental laws which may negatively affect the environment .	Employees, community, government, environment	The Company ensures full compliance within the project sites is being observed. The importance of its compliance is delineated to its subcontractors.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company creates strategizes to improve its monitoring system on environmental laws and regulations.	Employees, community, government, environment	The Company always reminds its employees and subcontractors for the full compliances on environmental laws.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[1]	5	
a. Number of female employees	1	#
b. Number of male employees	4	#
Attrition rate[2]	0%	rate
Ratio of lowest paid employee against minimum wage	None	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	0%	0%
PhilHealth	Y	0%	0%
Pag-ibig	Y	0%	0%
Parental leaves	Y	0%	0%
Vacation leaves	Y	100%	100%
Sick leaves	Y	0%	0%
Medical benefits (aside from PhilHealth))	Y	0%	0%
Housing assistance (aside from Pag-ibig)	N	0%	0%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	N	0%	0%
Company stock options	N	0%	0%
Telecommuting	N	0%	0%
Flexible-working Hours	Y	0%	0%
Gasoline allowance	Y	0%	0%

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	20%	%
% of male workers in the workforce	80%	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

[1] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)
[2] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	28	
a. Female employees	4	hours
b. Male employees	24	hours
Average training hours provided to employees	4	
a. Female employees	4	hours/employee
b. Male employees	4	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company recognizes that employees play important role to the realization of the Company's mission and vision.	The Company has policies, programs and procedures that support employees to actively participate in the attainment of the Company's mission and vision.
What are the Risk/s Identified?	**Management Approach**
Employee misbehavior and low morale may occur within the Company. This risk will directly affect the Company's performances and profitability	The Company encourages employee to inform the management about their grievances and demands. The Company ensures to address their grievances and fair compensation and benefits are given to all employees.
What are the Opportunity/ies Identified?	**Management Approach**
Employee personal growth and development empowers them to perform better and they may stay longer to the Company.	The Company gives support to its employees for their career growth and advancement. The Company gives priorities to deserving employees when a new opportunity is present within the Company.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	Not Applicable	%
Number of consultations conducted with employees concerning employee-related policies	None	#

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	Not Applicable	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	2	#

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	The Company's adopts Code Of Business Ethics which includes adherence to labor code
Child labor	Y	The Company's adopts Code Of Business Ethics which includes adherence to labor code
Human Rights	Y	The Company's adopts Code Of Business Ethics which includes adherence to labor code

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Compliance with the labor code and other laws and regulations protecting the employee rights as well as promoting a healthy and safe environment in the workplace.	The Company has safety officer who attends trainings and seminars to help improve employee safety and to promote healthy working environment.
What are the Risk/s Identified?	**Management Approach**
The Company recognizes that violations to the rights, health and safety of its employees impacts performance and profitability.	The Company assesses and improves employee working condition and that employee rights are not violated.
What are the Opportunity/ies Identified?	**Management Approach**
The Company sees the opportunity to have high employee retention rate which may improve company performance.	The Company gives recognition to employees who contribute for the safety and good working environment of the Company.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

The Company's supplier accreditation process are as follows:

Accreditation of Subcontractors/Suppliers

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

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	During accreditation process, subcontractors are asked about their environmental performance
Forced labor	Y	The Company follows all applicable laws and regulations and inform its business partners to do the same
Child labor	Y	The Company follows all applicable laws and regulations and inform its business partners to do the same
Human rights	Y	The Company follows all applicable laws and regulations and inform its business partners to do the same
Bribery and corruption	Y	CODE OF BUSINESS CONDUCT & ETHICS

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company recognizes the important role of its business partners in delivering the Company's products and services.	The Company provides equal opportunities to its subcontractors and suppliers. It promotes long lasting business relationship.

What are the Risk/s Identified?	Management Approach
The risk that its business partners may not be able to deliver the products and services as specified in the contract agreement.	The Company implements its accreditation processes when engaging subcontractors. This help ensures the all the Company's business partners meet its qualification standards.

What are the Opportunity/ies Identified?	Management Approach
Business partners may help the Company improve its business operation by sharing knowledge and resources.	The Company encourages its business partners particularly its subcontractors to share knowledge and resources to help improve construction services.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Construction of Housing units	Carmona Cavite	N/A	N	Housing opportunities	Coordinating with clients/developers in providing affordable housing
Construction of Housing units	Carmona Cavite	N/A	N	Employment opportunities	Encourages local sourcing of manpower

Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IP, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: N/A

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#
CP secured	Not Applicable	#

Disclosure on Free and Prior Informed Consent (FPIC) is not material given that there are no operations that is within or adjacent to ancestral domains of indigenous peoples.

What are the Risk/s Identified?	Management Approach
Projects that are not carefully designed may have negative effect on the community such as flooding.	The Company coordinates with its clients/developers the overall safety of its project and minimize any negative impact on the community
What are the Opportunity/ies Identified?	**Management Approach**
Proving affordable housing units to the community and local employment	The Company always looks for opportunity and coordinate with its business partners on how to provide affordable and quality housing for the community.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	No survey was done in 2020	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer satisfaction will have great impact on the Company's performance and profitability. Each construction project that the Company is engaged with can define the future of the Company	The Company recognizes the importance of customer satisfaction. Thus, it implements the following: 1)Customer Open Communications from start to finish of the construction engagement. 2) Maintaining client database and projects undertaken 3) Use of Social Media as a medium of communication.

What are the Risk/s Identified?	Management Approach
Dissatisfied customers can affect the Company's future business and relationships.	The Company maintains open communication with its clients from start to finish of the construction engagement to ensure that customer expectations are met.
What are the Opportunity/ies Identified?	**Management Approach**
The more satisfied customers the more business opportunities for the Company	At every step of the construction stages, the Company always coordinates with its clients and subcontractors to ensure that expected result are delivered on time with quality and meeting the customer's satisfaction.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	None	#
No. of complaints addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures health and safety of its products and services.	The Company ensures that its constructions services do not pose any risk to health and safety to all its stakeholders.
What are the Risk/s Identified?	**Management Approach**
Defects on construction designs and methodology may compromise health and safety.	The Company ensures that its construction designs and methodology met the safety standards.
What are the Opportunity/ies Identified?	**What are the Opportunity/ies Identified?**
The Company continues improvement in the areas of health and safety.	Continues improvement on construction methodology are discussed with its customers and business partners to help improve the health and safety of the Company's construction services

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complaints addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company advertises its products through digital marketing and other promotional means.	The Company ensures that it complies with existing laws and regulations pertaining to product promotions and advertising.
What are the Risk/s Identified?	**Management Approach**
Misunderstanding or interpretation on marketing content	The Company ensures that its marketing messages are communicated clearly.
What are the Opportunity/ies Identified?	**Management Approach**
Digital marketing has significant impacts on the Company's overall marketing efforts and can influence decision makers.	The Company's digital marketing efforts ensures that its mission and vision are properly conveyed.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customer personal information such as names, addresses, contact numbers and other details that were collected by the Company are safely logged in the Company's database.	The Company conducts systems review and ensures that such data are well protected.

What are the Risk/s Identified?	Management Approach
Systems hacking which may lead to identity theft	The Company ensures that its information management systems are protected from cyber attack and hacking.
What are the Opportunity/ies Identified?	**Management Approach**
The Company assesses its information management system to help improve customer confidence.	The Company incorporates data privacy in its information management systems and procedures.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Housing Construction		ESG impacts	Included in Sustainability report
Land Development Construction		ESG impacts	Included in Sustainability report
Office Spaces		ESG impacts	Included in Sustainability report

[20] This publication may be accessed at https://www.globalreporting.org/resourcelibrary/GRI_UNGC_Reporting-on-SDGs_Practical_Guide.pdf