

SEC Number
File Number

A200008385

**SUPERCITY REALTY DEVELOPMENT
CORPORATION**

(Company's Full Name)

**41st FLOOR JOY NOSTALG CENTER,
NO. 17 ADB AVENUE ORTIGAS CENTER,
PASIG CITY**

(Company Address)

638-7779

(Telephone Number)

December 31

(Calendar Year Ending – Month & Day)

SEC Form 17-Q

(Form Type)

Amendment Designation (If Applicable)

September 30, 2018

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2018**
2. Commission identification number **A200008385** 3. BIR Tax Identification No. **206-816-824**
4. Exact name of issuer as specified in its charter
SUPERCITY REALTY DEVELOPMENT CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
METRO MANILA, PHILIPPINES
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
41st FLOOR JOY NOSTALG CENTER, NO. 17 ADB AVENUE
ORTIGAS CENTER, PASIG CITY **1605**
8. Issuer's telephone number, including area code **(632)6387779**
9. Former name, former address and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class amount outstanding	Number of shares of common stock outstanding and of debt	
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COMMON SHARES – P 1 par value	No. of Shares	Amount
Authorized	155,000,000	155,000,000.00
Issued	110,000,000	110,000,000.00
Subscribed	110,000,000	110,000,000.00

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

Yes No

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

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Financial Positions
As of September 30, 2018 and December 31, 2017

	<u>09/30/2018</u>	<i>*Based on Audited FS 12/31/2017</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,390,252	4,652,040
Trade & other receivables (Note 1)	20,478,955	14,967,527
Prepayments and other current assets (Note 2)	27,800,806	21,492,099
Total current assets	<u>53,670,013</u>	<u>41,111,666</u>
TOTAL ASSETS	<u>53,670,013</u>	<u>41,111,666</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables (Note 3)	35,150,996	23,900,795
Due to related parties	11,608,805	11,608,805
Provision for repairs	133,032	133,032
Total current liabilities	<u>46,892,833</u>	<u>35,642,632</u>
NON-CURRENT LIABILITIES		
Retirement benefit obligation	29,925	131,145
Deferred Tax Liability	15,918	15,918
Total Non-current Liabilities	<u>45,843</u>	<u>147,063</u>
Total Liabilities	<u>46,938,676</u>	<u>35,789,695</u>
EQUITY		
Capital stock	110,000,000	110,000,000
Additional paid-in capital	1,509,641	1,509,641
Revaluation Reserve	37,143	37,143
Deficit	(104,815,447)	(106,224,813)
Total equity	<u>6,731,337</u>	<u>5,321,971</u>
TOTAL LIABILITIES AND EQUITY	<u>53,670,013</u>	<u>41,111,666</u>

* December 31, 2017 figures were audited by Punongbayan & Araullo.

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Comprehensive Income
For the 9-month periods ended September 30, 2018 and 2017

Account Title	July-Sept 2018	July-Sept 2017	Jan - Sept 2018	Jan - Sept 2017
REVENUES	14,155,666	15,491,243	31,625,165	23,146,015
CONTRACT COSTS	12,279,798	13,171,861	27,090,701	19,906,047
GROSS PROFIT	1,875,868	2,319,381	4,534,464	3,239,968
OPERATING EXPENSES				
Administrative expenses (Note 4)	267,273	278,220	1,317,245	1,140,322
Other operating expenses (Note 5)	279,886	191,450	1,206,854	964,131
	547,159	469,670	2,524,099	2,104,453
OPERATING PROFIT	1,328,710	1,849,711	2,010,365	1,135,515
OTHER INCOME (CHARGES)				
Other gains - net	1,032	533	3,014	800
	1,032	533	3,014	800
INCOME BEFORE TAX	1,329,741	1,850,244	2,013,380	1,136,315
Less: TAX EXPENSE	398,922	340,894	604,014	340,894
NET INCOME	930,819	1,509,350	1,409,366	795,420
Earning Per Share				
Net Income	930,819	1,509,350	1,409,366	795,420
Shares Outstanding	110,000,000	110,000,000	110,000,000	110,000,000
Earning per share	0.0085	0.0137	0.0128	0.0072

Note 1	As Of	
	09/30/2018	12/31/2017
Trade & other receivables		
Current:		
Contract receivable (net of impairment)	20,256,538	14,758,105
Advances to related parties	192,764	179,164
Others	29,653	30,258
	20,478,955	14,967,527

Note 2	As Of	
	09/30/2018	12/31/2017
Prepayments and other current assets		
Creditable Withholding tax	20,597,249	19,948,032
Advances to suppliers and subcontractors	3,550,183	787,592
Prepaid Expenses	3,653,374	756,475
	27,800,806	21,492,099

Note 3	As Of	
	09/30/2018	12/31/2017
Trade and other payables		
Deferred output valued-added taxes	12,997,871	9,202,851
Advances from customers	2,865,393	2,865,392
Retention fees	5,645,750	4,791,625
Trade payables	9,961,818	6,774,853
Other payables and accrued expenses	3,680,164	266,074
Total	35,150,996	23,900,795

Note 4	July-Sept		Jan - Sept	
	2018	2017	2018	2017
Administrative Expenses:				
Salaries and employee benefits	-	92,100	208,753	275,307
Taxes and licenses	90,273	36,120	289,392	173,382
Professional fees	177,000	150,000	819,100	691,633
	267,273	278,220	1,317,245	1,140,322

Note 5	July-Sept		Jan - Sept	
	2018	2017	2018	2017
Other Operating Expenses:				
Subscription	3,493	3,543	263,836.94	267,600
Contractual and service fees	146,618	146,228	443,002.77	433,282
Communication, Light and water	11,657	17,016	44,291.91	31,659
Stationery and supplies	11,096	1,008	23,071.60	3,841
Miscellaneous	107,023	23,655	432,650.82	227,749
	279,886	191,450	1,206,854	964,131

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Changes in Equity
For the 9-month periods ended September 30, 2018 and 2017

	Capital Stock	Additional Paid-in Capital	Revaluation Reserved	Retained Earnings(Deficit)	Total
Balance at January 1, 2018	P 110,000,000	P 1,509,641	P 37,143	(P 106,224,813)	P 5,321,971
Net Income for Jan-Sept	-	-	-	1,409,366	1,409,366
Balance at Sept. 30, 2018	P 110,000,000	P 1,509,641	P 37,143	(P104,815,447)	P 6,731,337
Balance at January 1, 2017	P 110,000,000	P 1,509,641	(P21,954)	(P 107,051,818)	P 4,435,869
Net Income for Jan-Sept	-	-	-	795,420	795,420
Balance at Sept. 30, 2017	P 110,000,000	P 1,509,641	(P21,954)	(P106,256,398)	P 5,231,289

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Cash Flows
For the 9-month periods ended September 30, 2018 and 2017

	<u>Jan - Sept 2018</u>	<u>Jan - Sept 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	2,013,380	1,136,315
Adjustments for:		
Interest income	<u>3,015</u>	<u>800</u>
Operating income before working capital changes	2,016,396	1,137,115
Decrease (Increase) in trade and other receivables	(5,511,428)	(2,684,308)
Decrease (Increase) in construction materials		
Decrease (Increase) in prepayments and other current assets	(6,308,707)	(2,464,620)
Increase (Decrease) in trade payables and other payables	11,250,201	4,207,810
Increase (Decrease) retirement benefit obligation	<u>(101,220)</u>	<u>0</u>
Cash Generated from (used in) Operations	1,345,242	195,997
Applied for Income taxes	<u>(604,015)</u>	<u>(340,894)</u>
Net Cash From (Used in) Operating Activities	<u>741,227</u>	<u>(144,897)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>(3,015)</u>	<u>(800)</u>
Net Cash From (Used in) Investing Activities	<u>(3,015)</u>	<u>(800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds for Non-Interest-Bearing Loans	<u>(0)</u>	<u>0</u>
Net Cash From (Used in) Financing Activities	<u>(0)</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	738,212	(145,697)
CASH AT BEGINNING OF YEAR	<u>4,652,040</u>	<u>2,800,117</u>
CASH AT END OF PERIOD	<u>5,390,252</u>	<u>2,654,420</u>

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule of Aging of Accounts Receivable Trade
As of September 30, 2018

Client	Current	1 - 30 days	31 - 60 days	61 - 90 days	Overdue	Total
Verdant Point (VPC)	-				10,969,690	10,969,690
Earth+Style (ESC)	-				42,159	42,159
Cenq	9,244,689				-	9,244,689
Total	9,244,689	-	-	-	11,011,849	20,256,538

Item 1.5. Earnings Per Share

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

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

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

Item 1.7. Notes to Financial Statements

Item 1.7.a. Accounting Policies and Methods

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

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

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

NEW INTERPRETATIONS, REVISIONS AND AMENDMENTS TO PFRS

(a) *New Interpretations, Revisions and Amendments adopted in 2017*

The Company adopted for the first time all the amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2017:

- PAS 7 (Amendments) : Statement of Cash Flows – Disclosure Initiative
- PAS 12 (Amendments) : Income Taxes – Recognition of Deferred

Tax Assets for Unrealized Losses

Discussed below are the relevant information about these amendments.

(i) PAS 7 (Amendments), ***Statement of Cash Flows – Disclosure Initiative***. The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows and non-cash changes. It requires an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities and to apply its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, it suggests a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

Management has applied these amendments in the current year. The reconciliation between the opening and closing balances of the liability arising from a financing activity, which pertains to the Due to Related Parties account, is presented in Note 12.2.

(ii) PAS 12 (Amendments), ***Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses***. The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference. The application of these amendments has no significant impact on the Company's financial statements as management has been assessing the Company's future taxable profit in a way consistent with the amendments.

(b) New Interpretations, Revisions and Amendments that are not Relevant to the Company

Annual improvements to PFRS (2014-2016 Cycle), specifically on PFRS 12, ***Disclosure of Interest in Other Entities – Scope Clarification on Disclosure of Summarized Financial Information for Interests Classified as Held for Sale***, are mandatorily effective for annual periods beginning on or after January 1, 2017 but are not relevant to the Company's financial statements

(c) Effective Subsequent to 2017 but not Adopted Early

There are new PFRS, amendments, interpretations and annual improvements to existing standards effective for annual periods subsequent to 2017, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their

transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

(i) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Classification and Measurement*, and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

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

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

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

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

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

Based on an assessment of the Company's financial assets and liabilities as at December 31, 2017, which has been limited to the facts and circumstances existing at that date, management has identified that the application of PFRS 9 (2014) has no significant impact on the classification and measurement of the Company's financial instruments. Management expects all of financial assets and liabilities to be continuously accounted for at amortized cost. These financial assets will be subjected to simplified model of recognizing lifetime expected credit losses as these items do not have significant financing component.

(ii) PFRS 15, *Revenue from Contract with Customers* (effective from January 1, 2018).

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

Based on the Company's initial assessment of its revenue streams as at December 31, 2017, which has been limited to the facts and circumstances existing at that date, management determined that its significant source of revenue pertains to construction contracts and is covered by PFRS 15.

Based on the requirements of PFRS 15, the Company has assessed that its performance obligation on its sale of real properties under development is satisfied over time considering that, under existing laws and regulations, the Company does not have an alternative use on the assets being developed and that it has rights to payment over the development completed to date. When the Company sells developed properties, its performance obligation is satisfied at a point in time; that is when the customer has accepted the property.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the SPPI test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVTOCI. Management is currently assessing the impact of these amendments in its financial statements.

(iv) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. Management is currently assessing the impact of this new standard in its financial statements.

(v) Annual Improvements to PFRS 2015 - 2017 Cycle. Among the improvements, only PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*, are relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify existing requirements.

2. The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statement*. The Company presents all items of income and expenses in a single statement of comprehensive income.
3. The financial statements are presented in Philippine pesos, the Company's functional currency, and all values represent absolute amounts except when otherwise indicated.
4. Financial assets are classified into financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company's financial assets, which consist mainly of cash and trade receivables, are recognized on their trade date and are initially recognized at fair value, plus transaction costs.
5. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in their value is recognized in profit or loss. Loans and receivables are presented as Trade and Other Receivables in the balance sheets.
Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated cash flows.
6. Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.
7. Construction materials are valued at the lower of cost and net realizable value. Cost of construction materials is based on purchase cost on a moving average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
8. Property and equipment are stated at cost less accumulated depreciation, amortization and impairment in value, if any. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.
9. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

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

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

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or

loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the year the item is derecognized.

The Company's property and equipment are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

The carrying amount of investment property is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Company determined whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generated cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

11. Non-Current Asset Classified as Held-for-sale include investment property that the Company intends to sell within one year from the date of classification as held-for-sale.

Non-current asset classified as held-for-sale is measured at the lower of its carrying amount, immediately prior to the classification as held-for-sale, and its fair value less costs to sell. The profit or loss arising from the sale or revaluation of held-for-sale assets is recognized in the income statement.

12. Financial liabilities include bank loans and trade and other payables. Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in the statement of income under the caption Finance Costs.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through discharge, cancellation or expiration.

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

- Revenues and costs from contracts – Revenue is recognized based on actual work done which is consistent with the percentage-of-completion method. Under this method, revenues are recognized in proportion to the actual stage of completion of the project as a percentage of total estimated costs for each contract as determined and certified by project engineers. Costs are recognized based on actual costs incurred. Adjustments in the contract price or the estimated costs are recorded prospectively

when they become known while anticipated losses on the contracts are recorded in full when determined.

- Rental income – Revenue is recognized when the amount of the agreed rent is billed and earned.
- Scrap sales – Revenue is recognized when the title of the scrap construction materials passes to the buyer.
- Forfeiture income – When the performance of contractually agreed tasks is not completed by the subcontractors at the specified time in the contract, a portion of the retention fees payable is forfeited and recognized as income.

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

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

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

15. *Retirement Benefit Obligations*

The Company has not established a formal retirement plan. However, it recognizes the estimated defined benefit obligations (under Republic Act No. 7641, the “Retirement Act”) using the Projected Unit Credit Method as computed by an actuary.

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

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are not recognized as an expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees’ expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in the statement of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

16. Income Taxes. Current income tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the

taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of income.

Deferred tax is provided, using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets can be utilized.

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

17. Equity. Capital stock is determined using the nominal value of shares that have been issued.

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

Retained earnings include all current and prior period results as disclosed in the statements of income

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

For the past few years, the Company's construction activities are sluggish during the first (1st) quarter. It peaks starting on the summer months, that is, during the second (2nd) to the third (3rd) quarter of the year. There are instances, however, when the Company is still active in its construction projects during the last quarter of the year especially when the Developers accumulate their inventory in time for the influx of buyers in December. However, for the second half of the current year, the Company generated higher revenue since there are enough subsisting contracts for the year 2018.

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

See Item 2.2.e

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

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

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

For the 1st and 3rd quarters of this year, there were neither payments nor availments of interest-bearing loans. Likewise, there were no issuances, repurchases or repayments of equity securities.

Item 1.7.f. Payment of dividend

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

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

As of September 30, 2018, the Company has not yet started any real estate development projects. Currently, the Company is continuously engaged in the business of construction, its sole business activity where it utilizes the services of subcontractors. Hence, no segment information and disclosures are presented in the Company's financial statements.

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

There are no material events subsequent to September 30, 2018 that have not been reflected in the financial statements for the six (9)-month period covered January to September 30, 2018.

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

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

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

There were no changes in contingent liabilities or contingent assets since December 31, 2017.

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

There are commitments, guarantees and contingent liabilities relating to construction projects entered into by the Company that arise in the normal course of business which are not reflected in the interim financial statements. Management believes, however, that any loss that could arise from these commitments and contingencies will not have a material effect on the Company's financial statements as of and for the six-month period ending September 30, 2018.

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

Schedule A – Marketable Securities

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

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

As of September 30, 2018						
Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected (2)	Current	Not Current	Balance at End Of Period
Related Parties: City and Life Property, Inc.	6,600	13,600	-	20,200	-	20,200
Extraordinary Dev. Corp	172,564	-	-	172,564	-	172,564
Total	179,164	12,000	-	191,164	-	192,764

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

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

Schedule D – Indebtedness to Unconsolidated Subsidiaries and Related Parties

As of September 30, 2018							
Name of Designation of Debtor	Balance Beginning of Period	Additions	Amounts Collected (2)	Amounts Written off (3)	Current	Not Current	Balance at End Of Period
Extraordinary Dev. Corp.	11,608,805	-	-	-	11,608,805	-	11,608,805
Prosperity Builders Realty	-	-	-	-	-	-	-
City and Life Property, Inc.	-	-	-	-	-	-	-
Total	11,608,805	-	-	-	11,608,805	-	11,608,805

Schedule E – Intangible Assets – Other Assets

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

Schedule F – Long-Term Debt

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

Schedule G – Indebtedness to Related Parties

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

Schedule H – Guarantees of Securities of Other Issuers

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

Schedule I – Capital Stock

As of September 30, 2018

Title of Issue	No. of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Related parties	Directors, officers and employees	Others
Common	155,000,000	110,000,000	-	-	56,220,000	53,780,000

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

Schedule of Financial Soundness Indicators

Financial Soundness Indicators	Formula	09/30/2018	12/31/2017
Liquidity:			
Current Ratio	Current Assets/Current Liability	1.14 : 1	1.15 : 1
Solvency:			
Debt-to-Equity Ratio	Total Liabilities/Total Equity	6.97 : 1	6.72 : 1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	7.97 : 1	7.72 : 1
Interest-rate-coverage:			
*Interest-rate-coverage ratio	Profit Before Tax/Finance Costs	n/a	n/a
Profitability:			
Return-on-investment	Net Income/Average Capital Stock	1.28%	0.72%

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

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

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

Financial Condition

Total Assets

The Company's total assets amounted P 53.67M as of September 30, 2018, 30.55% higher than the December 31, 2017 figure of P 41.11M. The increase was brought about by the increase in trade receivables. Advances to Sub-contracts and cash and cash equivalents accounts.

Property and Equipment

Property and equipment as of December 31, 2017 were fully depreciated. The Company employs subcontractors that can provide the necessary equipment.

Total Liabilities

The Company's total liabilities as of September 30, 2018, amounted to P 46.94M, a 31.15% increase as compared to the December 31, 2017 balance of P 35.79M. The increase was primarily brought by the increase in trade and other payable accounts.

Liquidity

The Company posted a current ratio of 1.14:1 as of September 30, 2018, a little lower than the 1.15:1 current ratio as of December 31, 2017. The slight decrease can be attributed to the increase in trade receivable and cash in bank accounts.

Leverage

Debt-to-equity ratio as of September 30, 2018, was determined to be 6.97:1 higher than the 6.72:1 ratio as of December 31, 2017. The increase was brought about by the net loss incurred during the given quarter and the increase in trade and other payable accounts.

Results of Operation

Revenues

Revenues from contracts for 2018Q3 amounted to P 14.16, 8.62% lower than the P 15.49M in 2017Q3. The slight decrease can be attributed to the lower accomplishment for the newly awarded contract in 2018. Moreover, contract revenues for the 2018Q3 were generated from the Housing project in Tierra Verde Residences Phase I located in Carmona, Cavite.

Gross Profit

Gross profit from construction contracts decreased by 19.12% from P 2.32M in 2017Q3 to P 1.88M in 2018Q3. On the other hand, gross profit ratio increase from 15% to 13%. Thus, resulted to lower gross profit in 2018Q3.

Cost and Expenses

Costs and expenses for 2018Q3 amounted to P 12.83M, 6% lower than the P 13.64M in 2017Q3. Cost of services decreased by 7% from P13.17M in 2017Q3 to P 12.28M in 2018Q3. The decrease

was primarily brought about by the decrease in revenue generated in 2018Q3 since most of these costs are variable in nature.

For the total operating expenses, 2018Q3 amounted to 1.33M, 28% lower than the 2017Q3 of 1.85M. The decrease was primarily brought about by the decrease in salaries and related costs and taxes and licenses incurred for the given quarter in 2018.

Operating Profit (Loss)

As a result of the foregoing, operating profit (loss) in 2018Q3 amounted to P 1.8M from P 2.32M in 2017Q3. Correspondingly, operating margin (loss) ratio decreased from 15% in 2017Q3 to 13% in 2018Q3. The decrease can be attributed to the lower revenue generated by the Company in 2018Q3 as discussed under revenue above.

Other Income / Charges

No financing costs incurred in 2017Q3 and in 2018Q3 since there was no interest-bearing loans for the given quarter. Other income pertains only to interest earned by the Company for its bank deposits.

Net Income (Loss)

As a result of the lower revenue this 2018Q3, net income/(loss) decreased from P 1.51M in 2017Q3 to P 0.93M in 2018Q3. This likewise resulted to the decrease of net income/(loss) ratio of 10% in 2017Q3 to 7% in 2018Q3. Finally, this translated into earnings/(loss) per share of P0.0085 in 2018Q3 from P0.0137 in 2017Q3.

Key Performance Indicators

Return on Investment (ROI)

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

For 2018Q3, the Company posted an ROI of 0.85% compared to the 2017Q3 ROI of 1.37%. The decrease in ROI can be attributed to the lower revenue and net income generated for the given period.

Fixed Assets Turnover

Fixed assets turnover is computed as sales for the period divided by the average fixed assets. A significant portion of the fixed assets (property and equipment, net of accumulated depreciation) is composed of construction and other site-based equipments. Since these equipments are major components in generating revenues, the fixed assets turnover is therefore deemed important. The higher the fixed assets turnover, the better it is for the Company. A high fixed assets turnover ratio would mean that the Company was able to make full use of its assets in generating revenues. However, in 2017Q3 and 2018Q3, the fixed assets were fully depreciated.

Current Ratio

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

Current ratio as of September 30, 2018 was computed at 1.14:1 lower than the 1.15:1 ratio at the beginning of the year. The slight decrease can be attributed to the increase in the trade and other payable accounts.

Debt to Equity Ratio

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

Debt-to-equity ratio as of September 30, 2018 was determined to be 6.97:1 slightly higher than the 6.72:1 times as of December 31, 2017. The increase was brought about by the net income incurred during the 2018Q3 and the increase on the trade and other payables accounts..

Item 2.2. Discussion and analysis of material event/s and uncertainties known to Management that would address the past and would have an impact on future operations of the following:

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

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

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

There are no material commitments for capital expenditures.

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

The 3rd quarter of the year 2018, the Company generated its revenue from construction activities. The Management expects that Company will still continue to engage in construction until such time that its plan to engage into real estate business is pursued.

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

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

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

**Balance Sheets
Items:**

Account Title	As Of		Inc/(Dec)		Remarks
	09/30/2018	12/31/2017	Amount	%	
Cash & cash equivalents	5,390,252	4,652,040	738,212	16%	Increase was due to higher collection efficiency for the current year
Trade and other receivables	20,478,955	14,967,527	5,511,428	37%	Increase pertains to trade receivables due to the construction services rendered but not yet paid
Prepayments and other current assets	27,800,806	21,492,099	6,308,707	29%	Increase is due to the creditable withholding tax account and down payment made to subcontractors for newly awarded contracts
Total Assets	53,670,013	41,111,666	12,558,347	31%	Increase due to increase in Cash and cash equivalents, Trade Receivables and Prepayment accounts as described above.
Trade and other payable	35,150,996	23,900,795	11,250,201	47%	Increase was due to the downpayment made for newly awarded contracts
Retirement benefit obligation	29,925	131,145	(101,220)	-77%	Decrease was due to payment of employee benefits.
Total Liabilities	46,938,676	35,789,695	11,148,981	31%	Increase was due to the increase in trade payable as described above
Total equity	6,731,337	5,321,971	1,409,366	26%	Increase pertains to the income earned during the period
Total Liabilities and equity	53,670,013	41,111,666	12,558,347	31%	Increase was due to the increase in trade payable and other payable accounts as described above

Income Statement Items:

Account Title	For the Quarter Ending		Inc/(Dec)		Remarks
	09/30/2018	09/30/2017	Amount	%	
Revenues	14,155,666	15,491,243	(1,335,577)	-9%	Decrease was due to lower accomplishment for the given quarter in 2018Q3.
Contract Cost	12,279,798	13,171,861	(892,064)	-7%	Decrease was due to lower construction activities pertains to awarded contracts in 2018 plus the remaining accomplishment in 2018
Gross Profit	1,875,868	2,319,381	(443,513)	-19%	Decrease was due to lower profit margin generated in 2018Q3
Administrative expenses	267,273	278,220	(10,947)	-4%	Decrease was due to lower salaries and related cost paid in 2018Q3
Other operating expenses	279,886	191,450	88,436	46%	Increase was due to higher repairs and maintenance incurred in 2018Q3
Total Operating expenses	547,159	469,670	77,488	16%	Increase was due to increase in taxes and licenses and repairs and maintenance accounts as described above.
Other gains - net	1,032	533	499	94%	This pertains to interest earned for the given quarters
Income Before Tax	1,329,741	1,850,244	(520,503)	-28%	Decrease was due lower revenue and profit margin generated in 2018Q3
Net Income	930,819	1,509,350	(578,531)	-38%	Decrease was due lower revenue and profit margin generated in 2018Q3

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

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

PART II--OTHER INFORMATION

NONE


SIGNATURES

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

Issuer **SUPERCITY REALTY DEVELOPMENT CORPORATION**

Date.....

Principal Financial/Accounting Officer/Controller

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

DateNovember 12, 2018