

SUPERCITY REALTY DEV. CORP.					
Definitive Information Statement was filed on October 31, 2023.					
SEC Form 20-IS					
Checklist of Requirements		Page No.	Remarks	Company Reply	Remarks
					Reply
C. Issuance and Exchange of Securities					
ITEM 11. FINANCIAL & OTHER INFORMATION					
A Information Required					
If action to be taken is with respect to any matter specified in Items 9 or 10, furnish the following information:					
2	Management Discussion & Analysis and Plan of Operation		Please see comments below.		Please see comments below.
B Incorporation by Reference					
The registrant may incorporate by reference any of the information required by paragraph (a) of this item, provided that:					
1	The information is contained in the latest annual report to securityholders or previously filed statement/report;				
2	Such report/statement is delivered to securityholders with proxy statement;				
3	The proxy/info statement identifies on the last page the information incorporated by reference; and				
4	The material incorporated by reference substantially meets the requirements of this item.				
III. Information required by Part III, paragraphs (A) and (B) of "Annex C, as amended"					
	Management's Discussion and Analysis. MD&A help to explain financial results. A reader of the MD&A should be able to understand the financial results of the registrant's business as discussed in the "Business" section. It shall provide information with respect to liquidity, capital resources and other information necessary to understand the registrant's financial condition and results of operation. For both full fiscal years and interim periods, disclose the company's and its majority owned subsidiaries top five (5) key performance indicators. It shall include a discussion of the manner by which the company calculates or identifies the indicators presented on a comparable basis				
(2) All other registrants shall provide the following information:					
(a) Full fiscal years					
If Material:					

		(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.		Please disclose if any.		Please disclose if any.	None
		(vii) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)	41-45	(1) The Gain/(loss) on re-measurement of post-employment benefit for 2022 in the MD&A is different from the AFS. Please revise and ensure consistency of information in the MD&A and AFS. (2) Please provide for 2020 vs. 2021 and 2019 vs. 2020 for line items in the Balance Sheet and Income Statement.	Corrected and updated. See pages 41 - 45	Please revise the following statement "Increase due to Trade and other receivables accounts as described above. " on the discussion of the change in total assets balance for 2020 vs. 2021. Total assets decrease, not increased	Corrected. See page 42

COVER SHEET

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S.E.C. Registration Number

S	U	P	E	R	C	I	T	Y		R	E	A	L	T	Y		D	E	V	.		C	O	R	P	.				
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(Company's Full Name)

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(Business Address : No. Street City / Town / Province)

Enrique C. Cunanan

Contact Person

53283285

Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

20-IS DEFINITIVE

FORM TYPE

1	1
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Month

2	9	
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Day

Annual Meeting

N/A

Secondary License Type, If Applicable

C	R	M
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Dept. Requiring this Doc.

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Amended Articles Number/Section

	3	6	4
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that there will be an annual meeting of stockholders of Supercity Realty Development Corporation (SRDC) in Mandaluyong City on Wednesday, 29 November 2023 at 2 o'clock in the afternoon via remote communication (Zoom Meeting) at the following link:

<https://us02web.zoom.us/j/84794039447?pwd=Z0tPb0ppZDd5RG4xUUlxWFpwT1pUdz09>

The Chairman of the meeting shall call and preside the meeting in Mandaluyong City which is the place where the principal office of the Company is located. The agenda will be as follows:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2022 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of Punongbayan & Araullo as External Auditors
9. Other Matters
10. Adjournment

In accordance with the rules of the Philippine Stock Exchange (PSE), the close of business on 28 June 2023 has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

The Meeting will be via remote communication only. To register, certificated stockholders who will attend the Meeting should send the following: 1) Email Address, 2) Name, 3) Address, 4) Contact number and 4) a scanned copy of one (1) valid government identification card (ID) to ricky.cunanan@gmail.com. You may register starting November 7, 2023. Deadline for registration is on 27 November 2023 at 5 PM. Once the Company successfully verifies the stockholder's status, the Company will reply to each stockholder with the meeting link and instructions.

All stockholders who will not, are unable, or do not expect to attend the meeting are requested to fill out, date, sign and send a proxy to the Corporation at 2/F CSP Building 173 EDSA, Barangay Wack Wack, Mandaluyong City, Metro Manila, Philippines. All proxies should be received by the Corporation at least two (2) days before the meeting, or on or before 27 November 2023. Proxies submitted shall be validated by a Committee of Inspectors on 28 November 2023 at 9:00 o'clock in the morning at 2/F CSP Building 173 EDSA, Barangay Wack Wack, Mandaluyong City. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

City of Mandaluyong, Metro Manila, 27 October 2023.

A handwritten signature in black ink, appearing to read "Emelita M. Mangosing".

EMELITA MANGOSING
Corporate Secretary

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)

5328-3285

(Telephone Number)

December 31

(Calendar Year Ending – Month & Day)

SEC Form 20-IS (Definitive)

(Form Type)

Amendment Designation (If Applicable)

**For Annual Stockholders' Meeting
dated November 29, 2023**

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter
SUPERCITY REALTY DEVELOPMENT CORPORATION
3. **METRO MANILA, PHILIPPINES**
 Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **A200008385**
5. BIR Tax Identification Code **206-816-824**
6. **2/F CSP Building 173 EDSA, Barangay Wack Wack,**
Mandaluyong City **1550**
 Address of principal office Postal Code
7. Registrant's telephone number, including area code **(632) 5328-3288**
8. **Nov. 29, 2023 / 2:00PM / Mandaluyong City Via Remote Communication(Zoom Meeting)**
at the following link:
<https://us02web.zoom.us/j/84794039447?pwd=Z0tPb0ppZDd5RG4xUUlxWFpwT1pUdz09>
 Date, time and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders **November 7, 2023**
10. **In case of Proxy Solicitations:**
Name of Person Filing the Statement/Solicitor: **Emelita Mangosing on behalf of the**
Registrant
Address and Telephone No.: **2/F CSP Building 173 EDSA, Barangay Wack Wack,**
Mandaluyong City / 5328-3288
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding	
	No. of Shares	Amount
COMMON SHARES – P 1 par value		
Authorized	155,000,000	155,000,000.00
Subscribed	110,000,000	110,000,000.00
Issued and outstanding		
as of September 30, 2023	110,000,000	110,000,000.00

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

Yes ☒ No ☐

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

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders

- (a) The Annual Stockholders' Meeting of Supercity Realty Development Corporation (the "Company" or "SRDC") will be held as follows:

Date: Wednesday, November 29, 2023

Time: 2:00pm

Place: Mandaluyong City via remote communication (Zoom Meeting) at the following link:

<https://us02web.zoom.us/j/84794039447?pwd=Z0tPb0ppZDd5RG4xUUlxWFpwT1pUdz09>

In accordance with the rules of the Securities & Exchange Commission, the Chairman of the meeting shall call and preside the meeting in Mandaluyong City where the principal office of the Company is located.

The Company's office and mailing address is at **2/F CSP Building 173 EDSA, Barangay Wack Wack, Mandaluyong City**

- (b) The approximate date on which information statement shall be sent or given to security holders is on **November 7, 2023**.

Dissenters' Right of Appraisal

The instances stated in Title X, Section 80, of the Revised Corporation Code, namely, (1) amendment to the articles of incorporation that has the effect of changing or restricting the rights of shares or creating preferences in new shares superior to outstanding shares, (2) extension or shortening of corporate term, (3) sale, conveyance, mortgage, or other disposition of all or substantially all of the corporate property and assets and (4) corporate mergers or consolidations, are not among the matters to be acted upon during the Annual Stockholders' Meeting, with respect to which any dissenting stockholder may exercise his appraisal right.

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

In order to perfect the stockholders' appraisal right, the following shall be exercised:

- (a) The stockholder voted against the proposed corporate action which can be any of the instances stated in Section 80 of the Revised Corporation Code. Only under such cases can the stockholder exercise his appraisal right.
- (b) The dissenting stockholder shall make a written demand to the Company within thirty (30) days from the date the vote is taken on the corporate action dissented from. Failure to do so within the given period shall mean waiver of the stockholders' right to dissent.
- (c) If the proposed corporate action dissented by a stockholder is implemented, the Company shall pay such stockholder, upon surrender of the stock certificate representing his shares, at an amount agreed upon between the Company and the dissenting stockholder. If the settlement value cannot be agreed upon within sixty (60) days from the date the corporate action was approved, the amount shall be determined by three (3) disinterested persons chosen by the stockholder, the Company and the two thus chosen. The decision by the majority of the three (3) disinterested persons shall be final.
- (d) The payment shall be made only when the Company has unrestricted retained earnings to cover such payment.
- (e) Upon payment of the shares, the stockholder shall then transfer his shares to the Company.

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

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

To the best knowledge of the Company, no director or officer of the Company, or nominee for election as a director of the Company or any associate of any of the foregoing persons, has any interest, directly or indirectly, by security holdings or otherwise, in any matter to be acted upon, other than election to office. No incumbent director has informed the Company in writing of an intention to oppose any action to be taken at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

As of September 30, 2023, the Company had 110,000,000 common shares outstanding and each share is entitled to one vote with respect to all matters to be taken up during the Annual Stockholders' Meeting.

- (a) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is June 28, 2023.
- (b) With respect to the election of seven (7) directors, each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).
- (c) Security ownership of certain record and beneficial owners and management

Security Ownership of Certain Record and Beneficial Owners

As of September 30, 2023, the following own of record or beneficially, approximately the following number of shares representing more than 5% of the Company's issued and outstanding capital stock:

Title Of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	% Held
Common	Wilfredo Uy (1) 1634 Pampanga St. Sta. Cruz Manila	Wilfredo Uy (same person)	Filipino	18,000,000	16.36
Common	Mylene Lim (2) 21 Alvir St. Little Baguio San Juan M.M.	Mylene Lim (same person)	Filipino	10,850,000	9.86
Common	Nimfa Leonco (3) 54 Gregory St. Saint Charbel Village Mindanao Avenue Q.C.	Nimfa Leonco (same person)	Filipino	10,850,000	9.86
Common	Arthur Lim (4) 21 Alvir St. Little Baguio San Juan M.M.	Arthur Lim (same person)	Filipino	7,150,000	6.50
Common	Ferdinand Soliman (5) 14 Mapagbigay St. Diliman Q.C.	Ferdinand Soliman (same person)	Filipino	7,150,000	6.50
Common	Under the Philippine Central Depository (PCD)	PCD Nominees - Filipino	Filipino	6,537,000	5.94

(1) Wilfredo Uy was previously a director and Chairman/President of the Company.

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

(3) Ninfa Leonco was previously a director of the Company

(4) *Arthur Lim was previously a director and Chairman/President of the Company*

(5) *Ferdinand Soliman is currently the Chairman/President of the Company*

Security Ownership of Management

As of September 30, 2023, 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	Noric Ng	3,000,000	Direct	Filipino	2.73
Common	Emelita Mangosing	10,000	Direct	Filipino	Nil
Common	Fernando Mamuyac	10,000	Direct	Filipino	Nil
Common	Enrique Cunanan	10,000	Direct	Filipino	Nil
Common	Liza Niedo	10,000	Direct	Filipino	Nil
Common	Roseller Anacito	10,000	Direct	Filipino	Nil
Common	All directors and executive officers as a group	21,050,000			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.

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

Directors and Executive Officers

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

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

Board of Directors

The following are the incumbent members of the Board of Directors who are also nominated herein for election/re-election as members of the Board of Directors for 2023 – 2024 except for **Ms. Liza S. Niedo** and **Engr. Roseller C. Anacito** who are not nominated for re-election:

Ferdinand Z. Soliman, 59, Chairman and President. Mr. Soliman is a Filipino citizen, and is a member of the board. He had been the Corporate Secretary since the Company's incorporation up until the year 2001. 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, 59, 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 Luzon 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. She is currently works as Procurement Manager in Raemulan Lands, Incorporated' a real estate company.

Mylene T. Lim, 59, Managing Director and Corporate Treasurer. Ms. Lim is a Filipino citizen, and is a member of the board since the Company's incorporation and became Managing Director in January 2002 and 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, 48, 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, 58, Director and 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. He currently works as Construction Manager in Raemulan Lands Incorporated, a real estate company.

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 November 29, 2023.

Independent Directors

Compliance with SRC Rule 38 (Guidelines on the Nomination and Election of Independent Directors)

The directors are elected at each annual general meeting by stockholders entitled to vote in accordance with the Company's By-Laws. Each director holds office until the next annual election and until his successor is duly elected, unless he resigns from office, is incapacitated and is unable to carry out his duties as director, or is removed prior to such election. In compliance with the Manual on Corporate Governance, the Nomination Committee reviewed the nominations and qualifications of the incumbent independent directors who will be nominated for election to the Board of Directors during the scheduled annual meeting of stockholders. In approving the nominations for election of independent directors, the Nomination Committee took into consideration the Guidelines on the Nomination of Independent Directors prescribed in SRC Rule 38, as amended.

The By-Laws of the Company were amended on January 31, 2006 to incorporate SRC Rule 38 of Amended Implementing Rules and Regulations of the SRC (the "SRC Rules") on the Requirements on Nomination and Election of Independent Directors.

Ms. Liza S. Niedo, 52, 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 Finance & Admin. Manager in PSI Healthcare Development Corporation, a

healthcare company. Ms. Liza S. Niedo has been elected and served as independent directors since June 25, 2014

Engr. Roseller C. Anacito, 57, 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 works as Site Construction Senior Manager at Raemulan Lands Inc., a real estate company. Engr. Roseller C. Anacito has been elected and served as independent since June 25, 2014.

Ms. Edelyn C. Wenceslao, 54, is a Filipino citizen, has been nominated for election as an Independent Director of Supercity Realty Development Corporation. She graduated from Philippine School of Business Administration – Quezon City in April 1990 with a Degree of Bachelor in Accountancy. She gained her 32 years of experience in the accounting profession through her work in various companies such as Extraordinary Development Corporation, Verdantpoint Development Corporation and at Cenqhomes Development Corporation.

Ms. Cristina B. Igno, 49, is a Filipino citizen, has been nominated for election as an Independent Director of Supercity Realty Development Corporation. She graduated from Polytechnic University of the Philippines in April 1995 with a Degree of Bachelor of Science in Accountancy. She took the CPA licensure examination and passed the board on November, 1995. She gained her 28 years of experience in the accounting and finance profession through her work in various companies such as Extraordinary Development Corporation as Special Assistant to the First Vice-President, Verdant Point Development Corporation and Cenqhomes Development Corporation as Corporate Management Accounting Head and Bank Financing Head, respectively.

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

The Nomination Committee, composed of Mr. Ferdinand Soliman as Chairman, Ms. Emelita Mangosing and Mr. Roseller Anacito as members, in a meeting held on June 2, 2023, endorsed the respective nominations in favor of Ms. Edelyn C. Wenceslao (by Mr. Ferdinand Soliman) and Ms. Cristina B. Igno (by Ms. Emelita Mangosing). Mr. Ferdinand Soliman and Ms. Emelita Mangosing are not related in any manner to the nominees.

Attached as Annexes “A-1” and “A-2” are the sworn Certifications of Qualifications of Ms. Edelyn C. Wenceslao and Ms. Cristina B. Igno, respectively

Term of Office

The term of office of the directors of the Company is one (1) year and they are to serve as such until the election and qualification of their successors. Officers are appointed annually by the Board of Directors at its first meeting each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been appointed or shall have qualified.

Principal Officers

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

Ferdinand Z. Soliman, 59, 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.

Mylene T. Lim, 59, 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.

Emelita M. Mangosing, 59, 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 Luzon 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. She is currently works as Procurement Manager in Raemulan Lands, Incorporated' a real estate company.

Fernando Mamuyac, 58, 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, 54, Acting Deputy General Manager – Finance and Administration, Filipino, heads the Finance Department. Mr. Cunanan has been with the Company since the start of its operation. He graduated from the Pampanga College in 1989 with a Bachelor of Science degree in Commerce and earned units in Masters of Science in Information Technology at the Ateneo Graduate School. He also had several training conducted by the Philippine Institute of Certified Public Accountants. He has been an Accountant since 1991 in several construction firms. He is the Company's Compliance Officer to the Securities and Exchange Commission (SEC) and Corporate Information Officer (CIO) to the PSE.

Significant Employees

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

Family Relationships

There were no family relationship existed up to the fourth civil degrees either by consanguinity or affinity among the directors, executive officers and persons nominated or chosen by the Company to become directors or executive officers.

Attendance of Board of Directors

Below is the summary of the attendance of the Board of Directors for the year 2022

Board	Name	No of Regular Meetings	No of Special Meetings	No. of Meetings Attended	%
Chairman	Ferdinand Z. Soliman	4	3	7	100%
Member	Mylene T. Lim	4	3	5	71%
Member	Noric T. Ng	4	3	5	71%
Member	Emelita Mangosing	4	3	7	100%
Member	Fernando Mamuyac	4	3	7	100%
Independent	Liza S. Niedo	4	3	7	100%
Independent	Roseller C. Anacito	4	3	7	100%

Involvement in Certain Legal Proceedings

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

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

- any bankruptcy petition filed by or against any business of which the incumbent Directors or senior management of the Company was a general partner or executive officer, either at the time of the bankruptcy or within 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.

Certain Relationships and Related Transactions

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

Related Parties Transactions (RPTs) entered into were determined and conducted using Arm's Length Principles. When applied to Material RPTs, it ensures that the RPTs are conducted in the regular course of business (fair process); and not undertaken on more favorable economic terms to such related parties in contrast to unrelated parties under comparable conditions and circumstances. Please refer to Note 12 of the Audited Financial Statements.

The following is a summary of the transactions of the Company with its related parties:

Related Party Category	Amount of Transactions		Outstanding Balance	
	2022	2021	2022	2021
Related Parties under Common Ownership:				
Construction Services	69,570,499	84,098,361	43,663,648	33,746,131
Advances from Related Parties	-	-	-	-
Advances to Related Parties	34,841	15,550	274,105	239,264
Advances from customers	468,557	2,172,077	(12,200,470)	(11,731,913)

In 2022 and 2021, 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, 2022 and 2021) 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.

	2022	2021
Balance at beginning of the year	239,264	223,764
Write-off of advances	-	-
Additions (Collections)	34,841	15,500
Balance at end of year	274,105	239,264

Appraisals and Performance Report of the Board

There is no formal appraisal or assessment process in respect of the Board performance. However, attendances of directors in board meetings are closely monitored.

Director Disclosures on Self-dealing

In 2022, none of the Company's directors have entered into self-dealing and related party transactions involving the Company.

Disagreement with Directors

No director has resigned or declined to stand for re-election to the board of directors since July 27, 2022, the date of the last annual meeting of stockholders, because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Compensation of Directors and Executive Officers

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 2021, 2022 and 2023 (estimate only).

Summary Compensation Table:

Name and Principal Position	Year	Salary (P)	Bonus (P)	Other Annual Compensation
Enrique Cunanan, ADGM-Finance/Admin Engr. Fernando Mamuyac, ADGM-Operations Engr. Emelita Mangosing, PMU-Head Arch. Mylene Lim, Controller Engr. Ferdinand Soliman, CEO	2021 (actual)	-	Nil	381,028
	2022 (actual)	-	Nil	561,263
	2023 (estimate)	-	Nil	560,000
All Directors and Officers as a Group Unnamed	2021 (actual)	-	Nil	381,028
	2022 (actual)	-	Nil	561,263
	2023 (estimate)	-	Nil	560,000

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

Compensation of Directors

There are no compensations and other arrangements between the Company and the directors. However, the Company gives per diem to its directors in the amount of Php 8,000.00

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.

Independent Public Accountants

For the five (5) most recent fiscal years, the Company's independent public accountant has been Punongbayan & Araullo (P&A) and will be re-nominated for election as such for the current year. From 2001 to 2003, Mr. Benjamin P. Valdez was assigned as engagement partner. For 2004, the Company's account was assigned to Mr. Angel A. Aguilar Jr. For 2005, the account was assigned to Mr. Juan Carlos B. Robles and in 2006-2010, the account was assigned to Ms. Mailene Sique-Bisnar. From 2011-2013 the account had been assigned to Mr. Christopher M. Ferarez and then to Mr. Ramilito L. Nanola. In 2018-2021, the account was assigned to Mr. Jessie C. Carpio. In 2022, the account is assigned to Mr. James Joseph Benjamin J. Araullo.

Representatives of P&A are expected to be present at the Annual Stockholders' Meeting. They are expected to be available to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

The current handling partner of Punongbayan & Araullo has been engaged by the Company for the fiscal year 2022 and is expected to be rotated every five (5) years.

Punongbayan & Araullo (P&A) is recommended as the principal independent public accountant by the Board of Directors in consultation with the Audit Committee.

The members of the Audit Committee are Ms Liza Niedo, an Independent Director, as Chairman, and Ferdinand Soliman and Mylene Lim as members.

External Audit Fees and Services

	2022	2021
Audit and Audit-Related Fees	400,000	400,000
Tax Fees	- nil -	- nil -
All Other Fees	- nil -	- nil -

Following are the criteria used in the selection of an external auditor:

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

Following are the criteria for the approval of audit fees:

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

FINANCIAL AND OTHER INFORMATION

a. Audited Financial Statements

A copy of Company's Audited Financial Statements for the year ended December 31, 2022 is attached hereto as **Annex "B"**.

b. Interim Financial Statements

A copy of Company's Interim Financial Statements for the quarter ended June 30, 2023 is attached hereto as **Annex "C"**

The Management's Discussion and Analysis of Operations is incorporated in the Management Report

OTHER MATTERS

Action with Respect to Reports

The following are included in the agenda of the Annual Stockholders' Meeting for the approval of the stockholders:

- Minutes of the Annual Meeting of the Stockholders held on July 27, 2022 covering the following matters: i) election of Members of the Board, including Independent Directors; ii) approval of the Annual Report and Audited Financial Statements for the year ended December 31, 2021; iii) approval and ratification of the Acts of the Board of Directors and Management; and iv) confirmation of the appointment of Punongbayan and Araullo as the Company's external auditor.
- Annual Report and Audited Financial Statements of the Company for the year ended December 31, 2022;
- Acts/Resolutions of the Board of Directors
The following are the acts/resolutions of the Board of Directors since the last annual meeting held on July 27, 2022:

Date/Type of Meeting	Resolutions/Matters Approved
July 27, 2022/Board of Directors' Meeting	a) Election of officers: Ferdinand Soliman, Mylene Lim and Emelita Mangosing as Chairman, Treasurer and Secretary, respectively.
	b) Appointment of members of the Audit Committee: Lisa Niedo as Chairperson and Emelita Mangosing and Mylene Lim as Members
	c) Appointment of members of the Compensation and Remuneration committee: Roseller Anacito, Ferdinand Soliman and Mylene Lim
	d) Appointment of members of the Nomination Committee: Mylene Lim, Ferdinand Soliman and Roseller Anacito
August 10, 2022/Board of Directors' Meeting	Confirmation of the 2 nd Quarter Financial Reports for the quarter ended June 30, 2022
November 9, 2022/Board of Directors' Meeting	Confirmation of the 3 rd Quarter Financial Reports for the quarter ended September 30, 2022 Presentation and review of 2023 budget
December 7, 2022/Board of Directors' Meeting	Approval of the 2023 budget Approval of the change of principal office address of the company to: 2/F CSP Building, 173 EDSA Barangay Wack Wack, Mandaluyong City
April 5, 2023/Board of Directors' Meeting	Authorizing the issuance of the Financial Statements of the Company as of and for the year ended December 31, 2022 (including the comparative

	financial statements as of December 31, 2021 and for the years ended December 31, 2021 and 2020)
May 10, 2023/Board of Directors' Meeting	Confirmation of the 1 st Quarter Financial Reports for the quarter ended March 31, 2023
June 2, 2023/Board of Directors' Meeting	Setting June 28, 2023 as the Record Date for the Annual Meeting Setting July 26, 2023 as the Annual Stockholders' Meeting Endorsement of independent directors.
July 17, 2023/Board of Directors' Meeting	Postponement of the Annual Stockholders' Meeting
August 9, 2023/Board of Directors' Meeting	Confirmation of the 2 nd Quarter Financial Reports for the quarter ended June 30, 2023
October 10, 2023/Board of Directors' Meeting	Setting November 29, 2023 as the revised schedule of the Annual Stockholders' Meeting Retaining June 28, 2023 as the Record Date for the Annual Meeting

Matters Not Required to be Submitted

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

Other Proposed Action

Other than the matters indicated in the Notice and Agenda included in this Information Statement, There no other actions proposed to be taken at the meeting..

Voting Procedures

1. Votes required

Proposed Corporate Action	No. of Votes Required
Election of the members of the Board of Directors	Seven (7) candidates receiving the highest number of votes shall be declared elected. A stockholder may vote such number of shares for as many persons as there are directors to be elected, or he/she may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares owned, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit; provided the total number of votes cast by him/her shall not exceed the number of shares owned by him/her multiplied by the number of directors to be elected.
Approval of Financial Statements and Annual Report	Majority of the outstanding common shares
Ratification of all acts of Board and Management	
Appointment of Auditor	
Approval of 2022 Operations and Results	
Approval of the Minutes of the 2022 Annual Stockholders' Meeting	

2. Method of counting

In light of the COVID-19 pandemic and for the safety of everyone, stockholders will be allowed only to vote by proxy or *in absentia*

2.1 Voting by Proxy:

- a. Stockholder shall fill up the enclosed Proxy Form or may download the same at the Company's website: www.supercity.com.ph/asmproxyform.pdf. The proxy form will be available for download starting November 7, 2023 to November 27, 2023.
- b. *Stockholder may send in advance a scanned copy of the executed Proxy Form by email to: ricky.cunanan@gmail.com*
- c. The original copy of the signed Proxy Form shall subsequently be delivered not later than November 27, 2023 to:

The Corporate Secretary
SUPERCITY REALTY DEVELOPMENT CORPORATION
2/F CSP Building 173 EDSA, Barangay Wack Wack,
Mandaluyong City

2.2 Voting *in absentia*:

- a. Stockholders shall register first by sending the following information starting November 7, 2023 to November 27, 2023 to ricky.cunanan@gmail.com.
 - a. Email Address
 - b. First and Last Name
 - c. Address
 - d. A scanned copy of a valid government-issued ID
 - e. Contact number
- b. The registration will be validated by the Corporate Secretary in coordination of the Stock

Transfer Agent of the Company.

- c. Upon successful registration and validation, the Company will send an email to the stockholder containing the link for the Voting in Absentia System and the instructions for casting their votes. Registered stockholders may cast their votes starting November 7 - 27, 2023.
- d. All agenda indicated in the Notice of Meeting will be included in the Voting in Absentia System and the registered stockholder may vote as follows:
 1. For items other than election of the Directors, the stockholder may vote: "For", "Against", or "Abstain".
 2. For the election of Directors, the stockholder may either vote for all the nominees, not vote for any of the nominees, or vote for some of the nominees only, in such number of shares as the stockholder may see fit, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of Directors to be elected.
 3. Once the vote is completed and submitted in the Voting in Absentia System, the stockholder's vote is final and counted.

Counting of votes will be done by the Corporate Secretary or his/her authorized representative.

PARTICIPATION VIA REMOTE COMMUNICATION

1. Stockholders may attend the meeting remotely by viewing the live stream via Zoom Meeting.
2. Stockholders who will attend the virtual meeting shall register first by sending the following information starting November 7 - 27, 2023 to ricky.cunanan@gmail.com.
 - a. Email Address
 - b. First and Last Name
 - c. Address
 - d. A scanned copy of a valid government-issued ID
 - e. Contact number
3. The registration will be validated by the Corporate Secretary in coordination with the Stock Transfer Agent of the Company.
4. The information necessary to attend the meeting shall be sent to all shareholders who are able to register as required herein.
5. For purposes of quorum, the following Stockholders shall be counted as present:
 - a. Stockholders who have voted in absentia within the period of November 7 - 27, 2023;
 - b. Stockholders who have sent their proxies to the Corporate Secretary not later than November 27, 2023; and
 - c. Stockholders who have notified the Company of their intention to participate in the meeting by remote communication not later than November 27, 2023 and participated in the virtual meeting.
6. The proceedings during the 2023 ASM will be recorded and kept by the Company.

PART II.

Identification

The enclosed proxy is solicited by the Registrant for use in voting at the annual stockholders' meeting. The Chairman of the Board of Directors or, in his absence, the designated Chairman in the Meeting will vote the proxies at the annual stockholders' meeting on Wednesday, November 29, 2023.

The information statement and this proxy shall be sent through mail starting November 7, 2023. Duly executed proxies may be returned either by mail, fax or by hand at the company's mailing address. Proxies must be received on or before November 27, 2023 5:00 pm.

Instructions

This proxy must be duly accomplished by the stockholder of record as of June 28, 2023, the Record Date. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the corporate secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a corporate secretary's certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy.

Duly accomplished proxies shall be submitted to the Corporate Secretary of the Company not later than November 27, 2023 at the following address:

Attention: Emelita Mangosing
The Corporate Secretary
Supercity Realty Development Corporation
2/F CSP Building 173 EDSA, Barangay Wack Wack, Mandaluyong City

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

The last day of the validation of proxies will be the day before the date of the annual stockholders' meeting. The validation shall be done by the Corporate Secretary and/or the Company's Stock Transfer Agent at the Company's registered office address. As part of the validation process, the proxy statement should have a valid control number which will be used to verify the authenticity of the proxy form, it must be properly dated, executed, signed and returned by the stockholder thru mail, fax or by hand at the Company's mailing address. Proxies must be received on or before November 27, 2023 5:00 pm. Furthermore, the manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20(11)(b).

Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the Chairman of the Board of Directors, or in his absence, the designated Chairman of the meeting, as his proxy in the annual stockholders' meeting to be held on November 29, 2023.

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

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

When proxy are properly dated, executed and returned, the shares they represent will be voted at the annual meeting in accordance with the instructions of the stockholder. If no specific instructions are

given, the shares will be voted FOR the election of the nominees for directors and independent directors, FOR the Approval of the Minutes of the Previous Meeting of Stockholders, FOR the Approval of the Financial Statements and Annual Report, FOR the Ratification of All Acts of Board and Management, and FOR the Appointment of Punongbayan & Araullo as Auditor. In addition, if other matters come before the annual meeting, the persons named in the accompanying form of proxy will vote in accordance with their best judgment with respect to such matters.

Revocability of Proxy

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

Person Making the Solicitation

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

Solicitation shall be done through the use of mail and the cost is estimated to be in the amount of P25,000. The cost of solicitation will be for the account of the Registrant. Incidental solicitation in person or by telephone may also be made by directors, officers and employees of the Registrant for which they will receive no additional compensation. To date, no solicitation cost is incurred.

Interest of Certain Persons in Matters to be Acted Upon

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

The Corporation has not received any information from any director that he/she intends to oppose any matter to be acted upon in the meeting.

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

Control No: 001

SUPERCITY REALTY DEVELOPMENT CORPORATION

STOCKHOLDER PROXY

The undersigned hereby appoints the Chairman of the Board or in his absence, the Chairman of the Meeting, with full power of substitution and delegation, as the proxy of the undersigned, to represent and vote all of the common shares of stock of the undersigned at the Annual Stockholders' Meeting of the Company to be held on **November 29, 2023 (the "Annual Stockholders Meeting")** at _____, and at any and all adjournments or postponements thereof, for the purpose of acting on the proposals enumerated below:

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

PROPOSALS AND VOTING INSTRUCTIONS

I. Election of Directors

The nominees for election as directors are:

- | | | |
|-----------------------------|--------------------------------|-----------------------------|
| 1. <u>Ferdinand Soliman</u> | 4. <u>Fernando Mamuyac</u> | 7. <u>Cristina B. Igno*</u> |
| 2. <u>Emelita Mangosing</u> | 5. <u>Noric Terence Ng</u> | 8. _____ |
| 3. <u>Mylene Lim</u> | 6. <u>Edelyn C. Wenceslao*</u> | 9. _____ |

* Independent Director

FOR ALL ☐

WITHHOLD FOR ALL ☐

EXCEPTIONS ☐

Exceptions: _____

- | | | |
|----------|----------|----------|
| 1. _____ | 4. _____ | 6. _____ |
| 2. _____ | 5. _____ | 7. _____ |
| 3. _____ | | |

Instructions:

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

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

FOR ☐

AGAINST ☐

ABSTAIN ☐

III. Approval of the Financial Statements and Annual Report

FOR ☐

AGAINST ☐

ABSTAIN ☐

IV. Ratification of All Acts of Board and Management

FOR ☐

AGAINST ☐

ABSTAIN ☐

V. Appointment of Punongbayan & Araullo as Auditor

FOR ☐

AGAINST ☐

ABSTAIN ☐

(Signature Over Printed Name)

Date: _____

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE JULY26, 2021, THE DEADLINE FOR SUBMISSION OF PROXIES.

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

The solicitation of proxies is made by the Registrant. No one among the directors intends to oppose any action intended to be taken by the Registrant. The solicitation is not subject to paragraph 9 of SRC Rule 20. The Company will bear the cost of the printing and mailing this proxy statement and other materials furnished to the stockholders in connection with proxy solicitation which shall not exceed P25,000.00. Last day of validation will be the day before the annual stockholders' meeting. The Corporate Secretary and/or the Company's Stock Transfer Agent is in charge of the validation process. The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20(11)(b).

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

Certain Relationships and Related Transactions

The Company has housing contract with Cenq homes Development Corporation ("Cenq") around P18M, where Ms. Marites Lee, a security holder of the Company, serves as the Corporate Treasurer and Secretary of Cenq. Incumbent directors, officers and nominees have no related transactions entered into for the past two years.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on October 27, 2023.

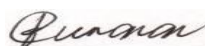
SUPERCITY REALTY DEVELOPMENT CORPORATION

Issuer



ENGR. EMELITA MANGOSING

Corporate Secretary



MR. ENRIQUE CUNANAN

Compliance-Information-Officer

October 27, 2023

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Company Background

Supercity Realty Development Corporation, hereinafter referred to as SRDC, was formed and 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

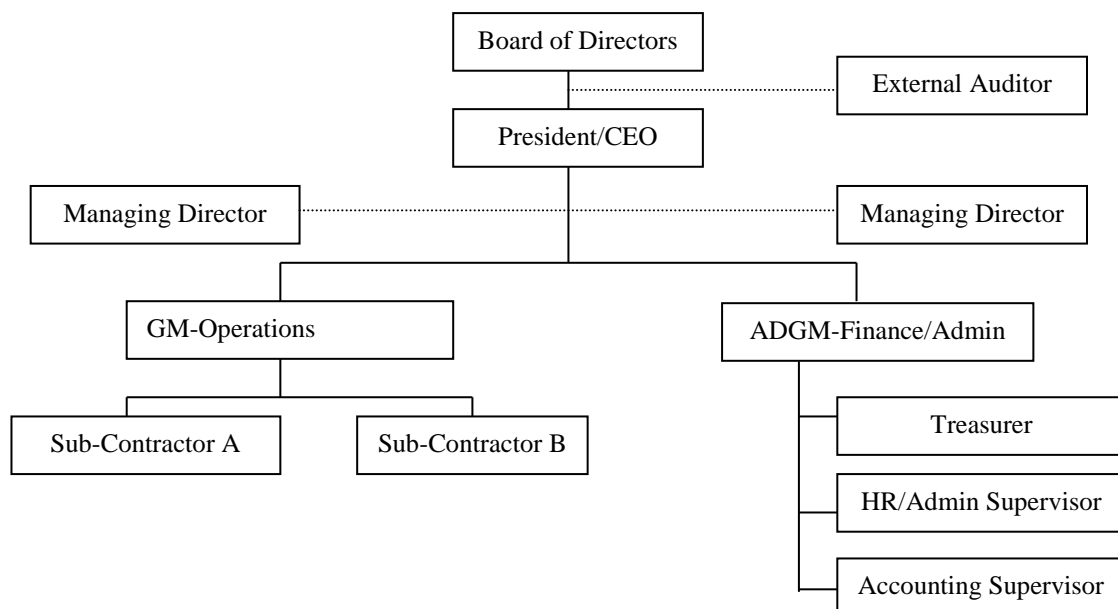
We are a leading construction company engaged in mass housing business providing total customer satisfaction using innovative and cost effective technology with the timely delivery of quality products and services.

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 2022 are presented in the chart below.

Services	Amount	%
Housing Development	66,436,570	4.5%
Land Development	3,133,929	95.5%
Total	69,570,499	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 (20) accredited subcontractors for housing, land development, and specialty works. Finally, the Company has good working relationships with its existing major clients that are major real estate developers in the Philippines. Recently, price has been the prevailing criteria of the developers in selecting their contractors. With this, the Company will offer its services at the lowest amount with the required quality of service though it expects a stiff competition among its competitors.

Sources of Materials and Supplies

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

Construction Materials	Major Supplier
<i>For Housing Construction Projects</i>	
1. Cement	Solid Cement Corp.
2. Steel Bar	E.V.Y. Construction and Development Corp.
3. White Sand	Rodelros Enterprises
4. Gravel	Kidtrans Movers
5. CHB	Quality Star Concrete Products
6. Lumber	Glory Lumber Hardware
7. PVC Products	Tanay Industries, Inc.
8. Hardware	Goldrich Industrial Sales
9. Paints	Mirage Trading, Inc.
10. Electrical Wires and Accessories	Sycwin Coating & Wires, Inc.
11. Plumbing Fixtures	D-Square Plumbing Supply, Inc.
12. Roofing	Philmetal Products, Inc.
13. Steel Roof Framing	Rapid Forming Corporation
14. Steel Fabrication Works	Rapid Forming Corporation
<i>For Land Development Projects</i>	
1. Concrete Pipes	Allied Concrete Products
2. Lastillas and Boulders	Maeann Enterprise
3. 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 past years.

For the year 2023, the Company has subsisting contracts that will be accomplished as follows:

PROJECT DESCRIPTION	LOCATION	AMOUNT
Terraverde Res - Housing	Carmona, Cavite	18,000,000
Total		18,000,000

Related Party Transactions

Please refer to Note 12 of the Audited Financial Statements attached in 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 May 22, 2025.

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.

Cost of Compliance with Environmental Laws

The Company is not aware of any environmental laws which will directly and significantly affect its business operations. The development and environmental permits issued by the DENR are generally required from 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, 2022, 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 (g) 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 2/F CSP Building 173 EDSA, Barangay Wack Wack, Mandaluyong City. The Company currently leases the 64.66 square meter office space from Tropical Star Aqua Culture for a monthly rental of **₱11,587.00**. The lease is for a term of 12 months, or until January 31, 2024, renewable under such terms and conditions agreed upon by both parties.

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 has no plans to acquire properties in the next twelve (12) months.

Item 3. Legal Proceedings

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

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

Not applicable

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's common equity is traded in the Philippine Stock Exchange (PSE). The shares of stock of the Company were initially traded on December 19, 2003. Following are the high and low sales prices for each quarter since January 1, 2019:

Quarter	High	Low
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
Apr – June 2021	0.80	0.80
July – Sept 2021	0.80	0.80
Oct – Dec 2021	0.80	0.80
Jan - March 2022	0.80	0.80
Apr – June 2022	0.80	0.80
July – Sept 2022	0.80	0.80
Oct – Dec 2022	0.80	0.80
Jan – March 2023	0.80	0.80
April – June 2023	0.80	0.80
July – Sept 2023	0.80	0.80
Last practicable trading date October 10, 2023	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 September 30, 2023 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. Neskia 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 three 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. To date, the Company has negative retained earnings.

Recent Sales of Unregistered Securities

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

Item 6. Management's Discussion and Analysis

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

Financial Highlights

<i>Amounts are in thousand pesos except per share figures</i>		
Key Operating and Financial Indicators	Audited Figures	
	2022	2021
Income Statement Data		
Revenues	69,570	84,098
Cost and Expenses	62,001	77,324
Income/(loss) From Operations	7,569	6,774
Net/(loss) Income	5,701	8,256
Balance Sheet Data		
Current Assets	83,272	73,977
Non-current Assets	2,811	2,805
Total Assets	86,083	76,782
Total Liabilities	28,275	24,693
Stockholders' Equity	57,808	52,089
Per Share Data		
Earnings (Loss) per Share*	0.05	0.08
Book Value per Share**	0.53	0.47

* 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. In 2022, the outstanding post-employment defined benefit obligation amounted to P 104,394.

For the year 2022, the following projects were accomplished by the Company:

Services	Amount	%
Housing Development	66,436,570	4.5%
Land Development	3,133,929	95.5%
Total	69,570,499	100.00%

2022 Performance

Revenues

In 2022, the Company generated P69.57M contract revenues, 17% lower than previous year revenue of P84.10M. These revenues came from housing and land development projects located in Carmona, Cavite.

Gross Profit

Gross profit from construction contracts amounted to P11.29M, 5.86% lower than the previous year's P11.99M. The gross profit ratio posted at 16% and 14% in the year 2022 and 2021, respectively.

Cost and Expenses

Construction cost decreased by 19.17% from P 72.11M in 2021 to P 58.28M in 2022. The decrease in cost can be attributed to the decrease in revenues as this account is variable in nature. Operating expenses decreased from P5.21M in 2021 to P 3.72 in 2022. The decrease can be attributed to the decrease in taxes and license, surcharges and other operating expenses due to lower revenue generated in 2022.

Income (Loss) from Operations

Income (Loss) from operations amounted to P 7.57M and P 6.77M in 2022 and 2021, respectively. The increase in operating margin in 2022 can be attributed to the lower construction cost and administrative expenses incurred in 2022.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of P 5.70M and P 8.26M in 2022 and 2021, respectively. Correspondingly, net income (loss) ratio is 8.20% and 9.82% in 2022 and 2021, respectively. Earnings (Losses) per share decreased from P0.08 in 2021 to P0.05 in 2022.

Total Assets

Total assets increased by 12.11% from P76.78M in 2021 to P 86.08M in 2022. The increase was due to the increase in of some financial assets such as trade receivables and cash in banks. However, the total of other current assets decreased particularly the creditable withholding taxes.

Liquidity

Current ratio decreased from 3.01:1 in 2021 to 2.96:1 in 2022. This can be attributed to the increase in the current liabilities, the denominator value in the computation, particularly the advances from clients and retentions fees payable to subcontractors, though, some current assets had increased such as the trade receivables and the cash in banks accounts.

Leverage

The Company posted a debt-to-equity ratio of 0.49:1 in 2022 and 0.47:1 in 2021. The increase can be attributed to the increase in trade and other payable accounts. Likewise the capital deficit of the company has decreased.

2021 Performance

Revenues

In 2021, the Company generated P84.10M contract revenues, 63% lower than previous year revenue of P228.06M. These revenues came from housing and land development projects located in Carmona, Cavite.

Gross Profit

Gross profit from construction contracts amounted to P11.99M, 61.72% lower than the previous year's P31.10M. The gross profit ratio posted at 14% and 15% in the year 2021 and 2020, respectively.

Cost and Expenses

Construction cost decreased by 63% from P 196.95M in 2020 to P 72.11M in 2021. The decrease in cost can be attributed to the decrease in revenues as this account is variable in nature. Administrative expenses decreased from P7.21M in 2020 to P 5.21 in 2021. The decrease can be attributed to the decrease in taxes and license and other operating expenses due to lower revenue generated in 2021.

Income (Loss) from Operations

Income (Loss) from operations amounted to P 6.77M and P 23.90M in 2021 and 2020, respectively. Operating margin (loss) likewise decreased to 8% in 2021 from 10% in 2020. The decrease in operating margin in 2021 can be attributed to the lower revenues generated in 2021.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of P 8.26M and P 16.04M in 2021 and 2020, respectively. Correspondingly, net income (loss) ratio is 9.82% and 7.03% in 2021 and 2020, respectively. Earnings (Losses) per share likewise decreased from P0.15 in 2020 to P0.08 in 2021.

Total Assets

Total assets decreased by 1.94% from P78.30M in 2020 to P 76.78M in 2021. 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 2.27:1 in 2020 to 3.01:1 in 2021. This can be attributed to the decrease in the trade and other payables accounts such as trade payables from subcontractors. Likewise, trade and other receivable 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 0.47:1 in 2021 and 0.79:1 in 2020.. The decrease can be attributed to the decrease in trade and other payable accounts. Likewise the capital deficit of the company has decreased.

2020 Performance

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 receivable 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.

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, 2020, 2021, 2022 an ROI of -6.50%, -36.82%, 0.26%, -0.25%, -0.51%, 0.75%, 4.75%, 18.72%, 14.58%, 7.51% and 5.18% 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 than the previous year's and 33.46 days in inventory, still quite long compared with the hurdle rate of 10.65 days. In 2006, the inventory turnover rate posted to only 7.83 times, 27.26% lower than the previous year's and 45.98 days in inventory,. In 2007, the inventory turnover rate further decreased to 5.89 times or 61.07 days in inventory due to lower sale revenue. However in 2008 and 2009, the company generated an inventory turnover rate of 8.25 and 9.59 times or 43.64 and 37.54 days in inventory, respectively, merely due to the decrease in the ending balance of inventory. In 2010 up to 2022, 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, 2020, 2021 and 2022, 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, 2.27:1, 3.01:1 and 2.96:1, 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 debt-to-equity ratios were posted, respectively. In 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022, 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, 0.79:1, 0.47:1 and 0.49:1, 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 2022, 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
	12/31/2022	12/31/2021	Amount	%	
Trade and other receivables	33,017,593	23,589,675	9,427,918	40%	Increase pertains to the increase in trade receivables and retentions fees for the construction services rendered to clients
Prepayments and other current assets	17,447,423	18,802,576	(1,355,153)	-7%	Decrease is due to the decrease in creditable withholding taxes that were applied in the year 2022
Total Assets	86,082,935	76,781,872	9,301,063	12%	Increase pertains to the increase in trade receivables and retentions fees for the construction services rendered to clients
Trade and other payable	28,037,402	24,480,058	3,557,344	15%	Increase was due to the increase in Advances from customers and retention fees payable to subcontractors
Post-employment defined benefit obligation	104,394	79,527	24,867	31%	This pertains to the increase in accrual of post employment or retirement obligation of the Company to its employees
Total Liabilities	28,274,828	24,692,617	3,582,211	15%	Increase was due to the increase in Advances from customers and retention fees payable to subcontractors
Revaluation Reserve	29,591	12,051	17,540	146%	This pertains revaluation reserve resulting from the gain on post employment defined benefit obligation
Retained Earnings(Deficit)	(53,731,125)	(59,432,437)	5,701,312	-10%	Difference pertains to the net income earned in 2022
Total equity	57,808,107	52,089,255	5,718,852	11%	Increase pertains to the net income earned in 2022

Income Statement Items:

Account Title	For the Year Ending		Inc/(Dec)		Remarks
	12/31/2022	12/31/2021	Amount	%	
Revenues	69,570,499	84,098,361	(14,527,862)	-17%	Decrease was due to lower construction revenues since the awarded contracts decreased in 2022
Contract Cost	58,284,887	72,110,756	(13,825,869)	-19%	Decrease was due to lower revenues generated in 2022 as these costs were variable in nature
Gross Profit	11,285,612	11,987,605	(701,993)	-6%	Decrease was due to lower revenues generated in 2022
Administrative expenses	2,927,046	3,097,694	(170,648)	-6%	Decrease was due to the decrease in taxes and licenses and other administrative expenses.
Other operating expenses	789,093	2,116,124	(1,327,031)	-63%	Decrease was due to the decrease in repairs and surcharges incurred in 2022 as compared to 2021
Total Operating expenses	3,716,139	5,213,818	(1,497,679)	-29%	Decrease was due to the decrease in taxes and licenses, repairs, surcharges and administrative expenses as described above.
Finance Income	30,259	24,945	5,314	18%	Pertains to bank interest earned during the given year
Income Before Tax	7,599,732	6,798,732	801,000	12%	Increase was due to lower operating expenses incurred in 2022 as described above
Tax Expenses/(Income)	1,898,420	(1,457,322)	3,355,742	-230%	This pertains to the income tax of 25% of taxable income earned in 2022. In 2021 there was a reversal of deferred tax assets.
Net Income	5,701,312	8,256,054	(2,554,742)	-31%	Decrease was due to the higher tax expenses in 2022 and there was a tax income recognized in 2021 due to reversal of deferred tax due to temporary differences.
Gain/(loss) on re-measurement of post-employment benefit	23,387	16,068	7,319	46%	Increase was due to the re-measurement of the post-employment benefit based on actuarial valuation
Total Comprehensive Income	5,718,852	8,268,105	(2,549,253)	-31%	Decrease was due to the higher tax expenses in 2022 while there was a tax income recognized in 2021 due to reversal of deferred tax for the temporary differences.

Balance Sheets
Items:

Account Title	As Of		Inc/(Dec)		Remarks
	12/31/2021	12/31/2020	Amount	%	
Cash & cash equivalents	31,584,572	13,705,542	17,879,030	130%	Increase was due to higher collections for the trade receivables and retention fees from the clients.
Trade and other receivables	23,589,675	42,974,287	(19,384,612)	-45%	Decrease pertains to the collections of trade receivables and retentions fees for the construction services rendered to clients in previous year
Prepayments and other current assets	18,802,576	21,620,528	(2,817,952)	-13%	Decrease is due to the decrease in creditable taxes that were applied in the year 2021
Deferred tax assets	2,805,049	-	2,805,049	#DIV/0!	Pertains to the recognition of tax assets due to rate adjustment and the computed minimum corporate income tax is higher than the regular income tax amount
Total Assets	76,781,872	78,300,357	(1,518,485)	-2%	Decrease due to Trade and other receivables accounts as described above.
Trade and other payable	24,480,058	34,346,175	(9,866,117)	-29%	Decrease was due to the decrease in Trade Payable accounts particularly for the payment for subcontractors
Post-employment defined benefit obligation	79,527	-	79,527	#DIV/0!	This pertains to the accrual post employment or retirement obligation of the Company to its employees
Total Liabilities	24,692,617	34,479,207	(9,786,590)	-28%	Decrease was due to the decrease in Trade Payable accounts particularly for the payment for subcontractors
Revaluation Reserve	12,051	-	12,051	#DIV/0!	This pertains revaluation reserve in the year 2021 resulting from the gain on post employment defined benefit obligation
Total equity	52,089,255	43,821,150	8,268,105	19%	Increase pertains to the net income earned in 2021

Income Statement Items:

Account Title	For the Year Ending		Inc/(Dec)		Remarks
	12/31/2021	12/31/2020	Amount	%	
Revenues	84,098,361	228,057,410	(143,959,049)	-63%	Decrease was due to lower construction revenues since the awarded contracts decreased in 2021
Contract Cost	72,110,756	196,954,738	(124,843,982)	-63%	Decrease was due to lower revenues generated in 2021 as these costs were variable in nature
Gross Profit	11,987,605	31,102,672	(19,115,067)	-61%	Decrease was due to lower revenues generated in 2021
Administrative expenses	3,097,694	3,469,181	(371,487)	-11%	Decrease was due to the decrease in office supplies and other administrative expenses.
Total Operating expenses	5,213,818	7,207,155	(1,993,337)	-28%	Decrease was due to the decrease in taxes and licenses and administrative expenses as described above.
Finance Income	24,945	15,511	9,434	38%	Pertains to interest earned during the given year
Income Before Tax	6,798,732	23,911,028	(17,112,296)	-72%	Decrease was due to lower revenues generated in 2021 which resulted to lower profit margin
Tax Expenses/(Assets)	(1,457,322)	7,870,503	(9,327,825)	-119%	Decrease was due to lower income and the decrease in income tax rate under CREATE law
Net Income	8,256,054	16,040,525	(7,784,471)	-49%	Decrease was due to lower revenues generated in 2021
Gain/(loss) on re-measurement of post-employment benefit	16,068	-	16,068	#DIV/0!	Increase was due to the remeasurement of the post-employment employee benefits.
Total Comprehensive Income	8,268,105	16,040,525	(7,772,420)	-48%	Decrease was due to lower revenues generated in 2021

**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

FOR INTERIM PERIOD ENDED JUNE 30, 2023

Management's Discussion and Analysis of Financial Condition and Results of Operation

Financial Condition

Total Assets

The Company's total assets amounted P 78.88 as of June 30, 2023, 8.36% lower than the December 31, 2022 figure of P 86.08M. There was a decrease on the total assets of the company due to the decrease in trade receivables and in the prepayments and other current asset accounts.

Property and Equipment

Property and equipment as of December 31, 2022 were fully depreciated. The Company employs subcontractors that can provide the necessary equipment.

Total Liabilities

The Company's total liabilities as of June 30, 2023, amounted to P 21.58M, a 23.69% decrease as compared to the December 31, 2022 balance of P 28.27M. The decrease was primarily brought by the decrease in advances from customers and in the trade and other payable accounts.

Liquidity

The Company posted a current ratio of 3.54:1 as of June 30, 2023, higher than the 2.96:1 current ratio as of December 31, 2022. The increase can be attributed to the decrease in advances from customer account. Likewise, the trade and other payable receivable accounts also decreased.

Leverage

Debt-to-equity ratio as of June 30, 2023, was determined to be 0.38:1 lower than the 0.49:1 ratio as of December 31, 2022. The decrease was brought about by the decrease in the advances from customers and the trade and other payable accounts. Likewise, the equity account decreased due to the net loss incurred during the period.

Results of Operation

Revenues

Revenues from contracts for 2023Q2 amounted to P 5.71M, 25.69% lower than the P 7.68M in 2022Q2. The decrease can be attributed to the lower work accomplishment made in 2023Q2 than in 2022Q2. Contract revenues for the 2023Q2 were generated from the Housing Development projects in Tierra Verde Residences Phase 5 located in Carmona, Cavite.

Gross Profit

Gross profit from construction contracts decreased by 33.94% from P 1.52M in 2022Q2 to P1.00M in 2023Q2. On the other hand, gross profit ratio decreased from 19.74% to 17.55%. With the lower revenue generated in 2023Q2, the gross profit is lower in 2023Q2 than in 2022Q2.

Cost and Expenses

Costs and expenses for 2023Q2 amounted to P 5.65M, 17% lower than the P 6.84M in 2022Q2. Cost of services decreased by 23.67% from P 6.17M in 2022Q2 to P 4.71M in 2023Q2. The decrease was primarily brought about by the decrease in revenue generated in 2023Q2 since most of these costs are variable in nature.

For the total operating expenses, 2023Q2 amounted to 0.94M, 40% higher than the 2022Q2 of 0.67M. The increase was primarily brought about by the increase in taxes and licenses and other administrative expenses for the given quarter in 2023.

Operating Profit (Loss)

As a result of the foregoing, operating profit (loss) in 2023Q2 amounted to P0.06M from P 0.84M in 2022Q2. The decrease in operating profit (loss) can be attributed to the lower revenue generated by the Company in 2023Q2. Likewise, a higher cost and administrative expenses incurred by the Company in 2023Q2 as discussed under cost and expenses section above.

Other Income / Charges

No financing costs incurred in 2023Q2 and in 2022Q2 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 generated and higher costs and administrative expenses incurred this 2023Q2, net income (loss) decreased from P0.74M in 2022Q2 to P0.06M in 2023Q2. Finally, this translated into lower earnings (loss) per share of P0.0006 in 2023Q2 from P0.0067 in 2022Q2.

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 2023Q2, the Company posted an ROI of 0.06% compared to the 2022Q2 ROI of 0.67%. The decrease in ROI can be attributed to the lower revenue generated and the higher costs and administrative expenses incurred in 2023Q2 as compared to 2022Q2.

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 2022Q2 and 2023Q2, 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 June 30, 2023 was computed at 3.54:1 higher than the 2.96:1 ratio at the beginning of the year. The increase can be attributed to the decrease in advances from customers and the trade and payable accounts in 2023Q2. Likewise, the trade and other receivable accounts also decreased.

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 June 30, 2023 was determined to be 0.38:1 lower than the 0.49:1 as of December 31, 2022. The decrease was brought about by the decrease in advances from customers and the trade and other payables accounts.

Return on Assets Ratio (ROA)

The ROA is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings and is calculated by dividing the Company's net profit by its average assets.

For 2023Q2, the Company posted an ROA of 0.08% compared to the 2022Q2 ROA of 0.91%. The decrease in ROA can be attributed to lower revenue generated in 2023Q2 as compared to the 2022Q2.

Business Plans and Future Prospects:

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 past years.

As a matter of corporate strategy, the Company has positioned itself and will continue 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. Its primary markets are the real estate developers in the Philippines and has no plans of getting into the international market.

For the year 2023, the Company has subsisting contracts as follows:

PROJECT DESCRIPTION	LOCATION	AMOUNT
Terraverde Res - Phase 5 Housing	Carmona, Cavite	18,000,000
Terraverde Res - Phase 5 Land Development	Carmona, Cavite	-
Total		18,000,000

The company will continue to improve its modern construction methodologies and will continue to offer its services at the lowest amount with the required quality of service to its clients.

Other than the Management's Discussion and Analysis and the Business Plans and Future Prospects above, there were no separate detailed, descriptive, balanced and comprehensive assessment made on the Company's performance.

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 2nd quarter of the year 2023, 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
	06/30/2023	12/31/2022	Amount	%	
Cash & cash equivalents	36,990,189	32,806,653	4,183,536	13%	Increase was due to high collection efficiency for the current year
Trade and other receivables	23,795,177	33,017,593	(9,222,416)	-28%	Decrease was due to the decrease in trade receivables for the construction services rendered as collections thereof were made.
Prepayments and other current assets	15,287,241	17,447,423	(2,160,182)	-12%	Decrease was due to the decrease in the advances to suppliers and subcontracts and in the prepayments accounts.
Total Assets	78,883,873	86,082,935	(7,199,062)	-8%	Decrease was due to the decrease in the Trade Receivables and in the Prepayments accounts.
Trade and other payable	21,339,129	28,037,402	(6,698,273)	-24%	Decrease was due to the decrease in the advances from customers and the retention fees accounts.
Total Liabilities	21,576,555	28,274,828	(6,698,273)	-24%	Decrease was due to the decrease in the advances from customers and in the retention fees accounts.
Total Liabilities and equity	78,883,873	86,082,935	(7,199,062)	-8%	Decrease was due to the decrease in the advances from customers and in the retention fees accounts. Moreover, retained earnings account also decreased.

Income Statement Items:

Account Title	For the Quarter Ending		Inc/(Dec)		Remarks
	06/30/2023	06/30/2022	Amount	%	
Revenues	5,708,545	7,682,425	(1,973,880)	-26%	Decrease was due to lower accomplishment for the given quarter in 2020Q3 due to the lower awarded contracts in 2023.
Contract Cost	4,706,464	6,165,557	(1,459,092)	-24%	Decrease was due to the lower construction activities as discussed in the Revenue section above. This is variable in nature.
Gross Profit	1,002,081	1,516,868	(514,787)	-34%	Decrease was due to the lower revenues generated in 2023Q2 as described above.
Administrative expenses	738,564	523,553	215,011	41%	Increase was due to the increase in the taxes and licenses and the professional fees accounts for the given quarter in 2023.
Other operating expenses	206,377	149,088	57,289	38%	The increase was due to higher repair cost and miscellaneous expenses incurred for the given quarter in 2023 that in the previous year of the same quarter..
Total Operating expenses	944,941	672,641	272,300	40%	Increase was due to the increase in the taxes and licenses, professional fees and the miscellaneous expenses for the given quarter in 2023.
Other gains - net	6,976	5,865	1,111	19%	This pertains to interest earned for the given quarters
Income Before Tax	64,116	850,092	(785,976)	-92%	Decrease was due to lower revenue generated in 2023Q2 than in 2022Q2
Tax Expense	-	114,869	(114,869)	-	Decrease was due to lower income generated for the given quarter in 2023 than in 2022 of the same quarter
Net Income	64,116	735,223	(671,107)	-91%	Decrease was due to the lower revenue generated in 2023Q2 than in 2022Q2 as discussed in the revenue section above.

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

Stock Dividends

There were no stock dividends declared for years 2017 to 2022.

Corporate Governance

Evaluation system established by the Company to measure or determine the level of compliance of the Board of Directors and officers with its Manual of Corporate Governance

The Company completed and submitted its Integrated Annual Corporate Governance Report (I-ACGR) to the Philippine Stock Exchange on May 30, 2023. Said I-ACGR is considered by the Company as a tool to evaluate the level of compliance of the Board of Directors

The Company has a Corporate Governance Committee tasked to undertake an annual performance assessment of the Board, its committees and the individual directors, through a Performance Assessment Guideline and Scorecard.

The Company ensures that it has at least two (2) independent directors, or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is higher, but in no case less than two (2).

The Company, through its Corporate Governance Committee, likewise makes certain that its independent directors are independent from management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with the exercise of independent judgment in carrying out their respective responsibilities as director.

Discussion on Compliance with leading practice on Corporate Governance

In compliance with SEC Memorandum Circular 15 series of 2017, the Company submitted its Integrated Annual Corporate Governance Report ("I-ACGR") in 2018. In 2019, an amended was made on its 2017 I-ACGR. On June 29, 2021, the Company submitted its I-ACGR for 2020. On June 29, 2021 and on May 30, 2021, the Company submitted its I-ACGR for the years 2020 and 2021, respectively. Recently, the Company submitted its I-ACGR for 2022 on May 30, 2023

Moreover, the CG Manual institutionalizes the principles of good corporate governance in the entire organization and embodies the framework of rules, systems and processes that governs the performance by the Board and Management of their respective duties and responsibilities to the shareholders and other stakeholders.

Any deviation from the Company's Manual of Corporate Governance.

There was no deviation from the Manual on Corporate Governance warranting sanction on any individuals.

Any plan to Improve Corporate Governance of the Company.

As part of Board oversight function, the Company's Corporate Governance policies and their effectiveness are reviewed accordingly to ensure that they continue to be compliant, appropriate and effective.

UNDERTAKING TO PROVIDE COPIES OF THE ANNUAL REPORT

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

**EMELITA MANGOSING
THE CORPORATE SECRETARY
SUPERCITY REALTY DEVELOPMENT CORPORATION
41st FLOOR JOY NOSTALG CENTER, ADB AVENUE,
ORTIGAS CENTER, PASIG CITY.**

CERTIFICATION OF INDEPENDENT DIRECTORS

I, EDELYN C. WENCESLAO, Filipino, of legal age and a resident of #116 BLK 1 Lot 1 Phase 9E Vista Verde Executive Village, Barangay San Isidro, Cainta Rizal, after having been duly sworn to in accordance with law do hereby declare that:


1. I am a nominee for independent director of Supercity Realty Development Corporation and have not been its independent director.
2. I am affiliated with the following companies or organizations or organizations (including Government-Owned and Controlled Corporation) :

Company/Organization	Position/Relationship	Period of Service
Extraordinary Devt. Corp.	Finance /Payroll Officer	Jan 1991 March 2012
Verdantpoint Dev't Corp.	Payroll Officer	April 2012 – Dec 2016
Cenqhomes Dev't Corp.Inc.	Payroll Officer	Jan 2017 – Present

I am not affiliated with government Agency or Government-Owned and Controlled Corporation

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Supercity Realty Development Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I am not related to the following director / officer / substantial shareholder of Supercity Realty Development Corporation other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulation, Code of Corporate Governance and other SEC issuances.
7. I shall inform the corporate secretary of Supercity Realty Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 12 OCT 2023 day of _____ at, PASIG CITY.


EDELYN C. WENCESLAO
 Affiant

SUBSCRIBED AND SWORN to before me this 12 OCT 2023 day of
_____ at PASIG CITY, affiant personally appeared
before me and exhibited to me his/her Tax Identification Number 108-785-335

Doc. No. 452
Page No. 92
Book No. LXXX
Series of 2023

RUMMEL B. BALIGOD
NOTARY PUBLIC UNTIL DECEMBER 31, 2024
41st. Flr. JOY NOSTALG CENTER
No. 17 ADV AVENUE, ORTIGAS PASIG CITY
PTR No. 9143899/01-03-23/ Olongapo City
IBP LIFETIME No. 07038
ROLL No. 51224
MCLE COMPLIANCE No. VI-0019692
VALID UNTIL APRIL 14, 2025

CERTIFICATION OF INDEPENDENT DIRECTORS

I, CRISTINA B. IGNO, Filipino, of legal age and a resident of #785 Cordero Subdivision, Lambakin, Marilao, Bulacan, after having been duly sworn to in accordance with law do hereby declare that:

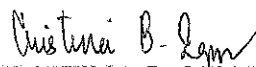
1. I am a nominee for independent director of Supercity Realty Development Corporation and have not been its independent director.
2. I am affiliated with the following companies or organizations or organizations (including Government-Owned and Controlled Corporation) :

Company/Organization	Position/Relationship	Period of Service
Extraordinary Dev. Corp	Special Asst. to the VP	Mar. 1996 – Mar. 2012
Verdantpoint Dev. Corp.	Corporate Management Accounting Head	Apr. 2012 - Dec. 2016
Cenqhomes Dev. Corp.	Corporate Management Accounting Head	Jan. 2017 to Present

I am not affiliated with government Agency or Government-Owned and Controlled Corporation

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Supercity Realty Development Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I am not related to the following director / officer / substantial shareholder of Supercity Realty Development Corporation other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulation, Code of Corporate Governance and other SEC issuances.
7. I shall inform the corporate secretary of Supercity Realty Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 12 OCT 2023 day of _____ at, PASIG CITY.


CRISTINA B. IGNO
 Affiant

SUBSCRIBED AND SWORN to before me this 12 OCT 2023 day of _____ at PASIG CITY, affiant personally appeared before me and exhibited to me his/her Tax Identification Number 190-865-005.

Doc. No. 453
Page No. 92
Book No. LXXX
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ROVINTEL B. BALIGOD
NOTARY PUBLIC UNTIL DECEMBER 31, 2024
41st Flr. JOY NOSTALG CENTER
No. 17 ADV AVENUE, ORTIGAS PASIG CITY
PTR No. 9143899/01-03-23/ Olongapo City
ISP LIFETIME No. 07038
ROLL No. 51224
MCLE COMPLIANCE No. VII-0019692
VALID UNTIL APRIL 14, 2025

REPUBLIC OF THE PHILIPPINES)
PASIG CITY, METRO MANILA) S.S.

**CERTIFICATE OF NO DIRECTORS OR OFFICERS ARE CONNECTED WITH
ANY GOVERNMENT AGENCIES AND ITS INSTRUMENTALITIES**

I, **EMELITA MANGOSING**, of legal age, Filipinos, with office address at 2/F CSP Building 173 EDSA, Barangay Wack Wack, Mandaluyong City, Metro Manila, being the duly elected and qualified Corporate Secretary of **SUPERCITY REALTY DEVELOPMENT CORPORATION** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, under oath, does hereby certify that no directors or officers are currently connected with any government agencies or its instrumentalities.

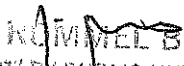
IN ATTESTATION OF THE ABOVE, this Certificate was signed this day of October 10 2023 at Mandaluyong City.


EMELITA MANGOSING
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 11 OCT 2023 day of 2023 2023
affiant(s) exhibiting to me his/their Tax Identification Numbers as follows:

<u>NAMES</u>	<u>TIN</u>
EMELITA MANGOSING	106-962-707

Doc. No. 666 ;
Page No. 15 ;
Book No. LXXX ;
Series of 2023.


RODOLFO B. BALIGOD
NOTARY PUBLIC UNTIL DECEMBER 31, 2024
21st. Flr. JOY NOSTALG CENTER
No. 17 ADV AVENUE, ORTIGAS PASIG CITY
PTR No. 9143899/01-03-23/ Olongapo City
IBP LIFETIME No. 07038
ROLL No. 51224
MCLE COMPLIANCE No. VII-0019692
VALID UNTIL APRIL 14, 2025

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF
SUPERCITY REALTY DEVELOPMENT CORPORATION**

Held on July 27, 2022, at 2:10 p.m in Pasig City
Conducted Remotely via Zoom Meeting

Shareholder Attendance In Person and By Proxy:	56,050,000 shares
Total Outstanding Shares	110,000,000 shares
Attendance Percentage to Total Outstanding Shares	51%

Incumbent Directors and Officers Present:
 Ferdinand Soliman, Supercity Chairman/President
 Emelita Mangosing, Supercity Corporate Secretary
 Fernando Mamuyac, Supercity Director
 Liza Niedo, Independent Director
 Roseller Anacito, Independent Director
 Enrique C. Cunanan, Supercity CIO
 Others Present:
 Jesse Carpio, External Auditor
 James Araullo, External Auditor
 Adelaida Misael Soliman - Stockholder
 Edelyn Wenceslao – Stockholder
 Cristina Igno – Stockholder

I. CALL TO ORDER

After welcoming the stockholders to the meeting, the Chairman/President, Ferdinand Soliman, said that the Company was holding the meeting via Zoom and it was being recorded. He thanked the stockholders who have joined the webcast of the proceedings and those who participated through the voting *in absentia* system or by proxy.

The Chairman then called the meeting to order and introduced the members of the Board of Directors who were also present at the meeting. The Corporate Secretary, Emelita Mangosing, recorded the minutes of the meeting.

II. PROOF OF NOTICE AND CERTIFICATION OF QUORUM

Upon request of the Chairman, the Corporate Secretary informed the body that the notice and agenda of the meeting, together with the Definitive Information Statement which contains the procedures for attending the meeting via remote communication and for casting votes *in absentia* were posted on the website of the Company. The Corporate Secretary further stated that based on the online registration system established by the Company, there are present in person through remote communication, in absentia or duly represented by proxy at the meeting, stockholders who own or hold a total of 56,020,000 shares representing 51% of the total issued and outstanding capital stock of the Company. The Corporate Secretary then certified the existence of a quorum for the valid transaction of business. On the basis of the certification of the Corporate Secretary on the existence of a quorum, the Chairman declared the meeting duly convened and open for transaction of business. The voting procedures and method of counting to be followed were stated in the Definitive Information Statement are as follow:

1. Votes required

Proposed Corporate Action	No. of Votes Required
Election of the members of the Board of Directors	Seven (7) candidates receiving the highest number of votes shall be declared elected

Approval of Financial Statements and Annual Report	Majority of the outstanding common shares
Ratification of all acts of Board and Management	
Appointment of Auditor	
Approval of 2021 Operations and Results	
Approval of the Minutes of the 2021 Annual Stockholders' Meeting	

2. Method of counting

In light of the COVID-19 pandemic and for the safety of everyone, stockholders will be allowed only to vote by proxy or *in absentia*

2.1 Voting by Proxy:

- a. Stockholder shall fill up the enclosed Proxy Form or may download the same at the Company's website: www.supercity.com.ph/asmproxyform.pdf. The proxy form will be available for download starting July 5 - 25, 2022.
- b. Stockholder may send in advance a scanned copy of the executed Proxy Form by email to: ricky.cunanan@gmail.com
- c. The original copy of the signed Proxy Form shall subsequently be delivered not later than July 25, 2022 to:

The Corporate Secretary
 SUPERCITY REALTY DEVELOPMENT CORPORATION
 41st Floor Joy Nostalq Center, ADB Avenue, Ortigas Center,
 Pasig City

2.2 Voting *in absentia*:

- a. Stockholders shall register first by sending the following information starting July 5 - 25, 2022 to ricky.cunanan@gmail.com.
 - a. Email Address
 - b. First and Last Name
 - c. Address
 - d. A scanned copy of a valid government-issued ID
 - e. Contact number
- b. The registration will be validated by the Corporate Secretary in coordination of the Stock Transfer Agent of the Company.
- c. Upon successful registration and validation, the Company will send an email to the stockholder containing the link for the Voting in Absentia System and the instructions for casting their votes. Registered stockholders may cast their votes starting July 5 - 25, 2022.
- d. All agenda indicated in the Notice of Meeting will be included in the Voting in Absentia System and the registered stockholder may vote as follows:
 1. For items other than election of the Directors, the stockholder may vote: "For", "Against", or "Abstain".
 2. For the election of Directors, the stockholder may either vote for all the nominees, not vote for any of the nominees, or vote for some of the nominees only, in such number of shares as the stockholder may see fit, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of Directors to be elected.
 3. Once the vote is completed and submitted in the Voting in Absentia System, the stockholder's vote is final and counted.

Counting of votes will be done by the Corporate Secretary or his/her authorized representative.

III. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS HELD ON JULY 28, 2021

The Chairman of the meeting stated that the next item on the Agenda is the approval of the Minutes of the Annual Meeting of the Stockholders held on July 28, 2021, Copies of the said minutes were distributed to the stockholders prior to the start of this meeting.

It was moved and seconded that the reading of the minutes of the annual meeting of the Board of Directors held on July 28, 2021 be dispensed with, and that the minutes be approved as circulated. As there were no objections, the subject at hand was noted and approved.

IV. Review/Approval of 2021 Operations and Financial Statements

The Chairman then proceeded with the next item in the agenda which was the Review/Approval of 2021 Operations and Results. He stated that copies of the Information Statement with accompanying Annual Report had been sent out to the stockholders several weeks prior to the meeting and that the Annual Report contained summaries of the operations and the audited Financial Statements of the Company as of and for the year ended December 31, 2021. Mr. Ricky Cunanan presented the 2021 Financial Results as well as the Company's operations. After the presentation, he (Chairman) thanked everyone for the support that the shareholders gave to the Company and to the Board.

A motion was then moved and seconded for the approval of the 2021 Operations and Results. The Chairman, hearing no objection, declared that the 2021 operations and results be noted and approved.

V. Ratification of all Acts of the Board of Directors and Officers

The Chairman subsequently proceeded with the next item in the agenda which was the ratification of all Acts of the Board of Directors and Officers.

A motion was moved that all the Acts of the Board of Directors, Officers, and Management of the Company from the date of the last meeting up to the present be, in all respects, confirmed, ratified and approved. As this was duly seconded, and there being no objection, the motion was approved.

VI. ELECTION OF DIRECTORS

- 1) The Chairman then proceeded with the next item which was the Election of Directors. He mentioned that there were 7 seats to be filled. He then stated that in the Information Statement furnished to all shareholders, the following had been nominated for election as members of the Board of Directors:
 1. Ferdinand Soliman
 2. Mylene Lim
 3. Emelita Mangosing
 4. Noric Terence Ng
 5. Fernando Mamuyac
 6. Liza Niedo (Independent Director)
 7. Roseller C. Anacito (Independent Director)

He then mentioned that in compliance with the requirement of the SEC's Guidelines on the Nomination and Election of Independent Directors, the Corporation's Nomination Committee, in its meeting on June 10, 2022, passed upon and endorsed the nominations of Liza Niedo and Roseller Anacito for election as independent directors of the Corporation, as required under the Securities Regulation Code.

The Chairman then asked if there were other nominations; having heard none, the Chairman, declared that there were seven (7) nominees and also seven (7) seats to be filled so all of the following nominees were therefore deemed elected.

1. Ferdinand Soliman
2. Mylene Lim
3. Emelita Mangosing
4. Noric Terence Ng
5. Fernando Mamuyac
6. Liza Niedo
7. Roseller Anacito

VII. APPOINTMENT OF EXTERNAL AUDITORS

The Chairman proceeded to the next item which was the Appointment of Punongbayan and Araullo as the Company's external auditors. The Chairman stated that the Board had recommended to re-appoint the auditing firm of Punongbayan and Araullo.

For this purpose, a motion was made and duly seconded. The Chairman then asked if there were objections. Having heard none, the Chairman announced the appointment of Punongbayan and Araullo as approved. Mr. James Araullo and company who were present in the zoom meeting acknowledged the re-appointment.

VIII. CHANGE OF PRINCIPAL OFFICE ADDRESS

The Chairman proceeded to the next item which was the Change of Company's Principal Office Address. The Chairman stated that in a meeting held on December 8, 2021, upon motion made and duly seconded, the Board, by affirmative vote, approved the transfer of its office and correspondingly proposed amendment to the Company's Articles of Incorporation under Third Article of the Articles Of Incorporation, subject to the approval of the stockholders in accordance with the Revised Corporation Code, as follows:

"THIRD: that the Principal Office shall be located at 2/F CSP Building, 173 EDSA Barangay Wack Wack, Mandaluyong City."

A motion was moved and duly seconded that the change of the Company's principal office address and the corresponding amendment to the Company's Articles of Incorporation under Third Article of the Articles of Incorporation be approved as recommended. The Chairman then asked if there were objections. Having heard none, the motion was approved.

IX. Other matters that the shareholders wish to discuss

The Chairman asked if there were other matters that the shareholders wish to discuss. Being there are no other matters to be discussed a motion and duly seconded for the adjournment of the meeting was made

X. ADJOURNMENT

There being no further business to discuss, and no additional questions raised by the stockholders, upon motion duly made, seconded and carried, the meeting was adjourned.

The Chairman thanked the stockholders for their attendance.

CERTIFIED CORRECT:

(sgd)
EMELITA MANGOSING
Corporate Secretary

A T T E S T:

(sgd)
FERDINAND SOLIMAND
Chairman/President

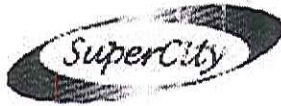


FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Supercity Realty Development Corporation

December 31, 2022, 2021 and 2020



SuperCity Realty Development Corporation

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

March 13, 2023

**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, 2022 and 2021**, 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, 2022 and 2021, 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 27 MAR 2023 day of _____,
2023 at PASIG 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

NOTARY PUBLIC

Doc. No. 6
Page No. 3
Book No. XXV
Series of 2023

RODOLFO B. BALIGOD
NOTARY PUBLIC UNTIL DECEMBER 31, 2024
41st. Flr. JOY NOSTALG CENTER
No. 17 ADV AVENUE, ORTIGAS PASIG CITY
PTR No. 9143899/01-03-23/ Olongapo City
IBP LIFETIME No. 07038
ROLL No. 51224
MCLE COMPLIANCE No. VII-0019692
VALID UNTIL APRIL 14, 2025

Report of Independent Auditors

Punongbayan & Araullo

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

T +63 2 8988 2288

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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022, 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 P53.7 million and P59.4 million as at December 31, 2022 and 2021, 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 P69.6 million solely from construction contracts with one of its related parties using the percentage of completion 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 costs and revenues 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:

- 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 all 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 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 contract costs; 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, 2022, the Company's contracts receivables arising from construction contracts [net of allowance for expected credit loss (ECL)] amounting to P32.7 million represents 37.96% 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 contracts 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, respectively, 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 contracts 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 contracts receivables, and the adequacy of the related allowance for ECL 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 ECL 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.

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, 2022, 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, 2022 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' Responsibilities 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.

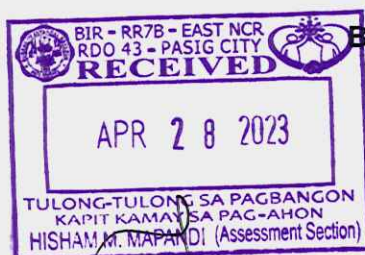
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation 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, 2022 required by the Bureau of Internal Revenue as disclosed in Note 19 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 James Joseph Benjamin J. Araullo.

PUNONGBAYAN & ARAULLO



By: 
James Joseph Benjamin J. Araullo
Partner

CPA Reg. No. 0111202

TIN 212-755-957

PTR No. 9566625, January 3, 2023, Makati City

SEC Group A Accreditation

Partner - No. 111202-SEC (until financial period 2026)

Firm - No. 0002 (until Dec. 31, 2024)

BIR AN 08-002511-039-2021 (until Nov. 9, 2024)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 5, 2023

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash	4	P 32,806,653	P 31,584,572
Receivables - net	5	33,017,593	23,589,675
Other current assets	6	17,447,423	18,802,576
Total Current Assets		83,271,669	73,976,823
NON-CURRENT ASSET			
Deferred tax assets	11	2,811,266	2,805,049
TOTAL ASSETS		P 86,082,935	P 76,781,872
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	8	P 28,037,402	P 24,480,058
Provisions for rework	3	133,032	133,032
Total Current Liabilities		28,170,434	24,613,090
NON-CURRENT LIABILITY			
Post-employment defined benefit obligation	10	104,394	79,527
Total Liabilities		28,274,828	24,692,617
EQUITY			
Capital stock	13	110,000,000	110,000,000
Additional paid-in capital		1,509,641	1,509,641
Revaluation reserve	10	29,591	12,051
Deficit		(53,731,125)	(59,432,437)
Net Equity		57,808,107	52,089,255
TOTAL LIABILITIES AND EQUITY		P 86,082,935	P 76,781,872

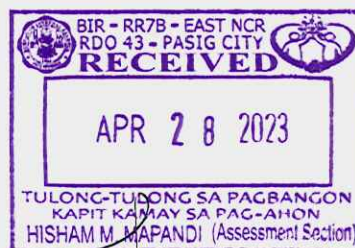
See Notes to Financial Statements.



SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CONTRACT REVENUES	12	P 69,570,499	P 84,098,361	P 228,057,410
CONTRACT COSTS	9	<u>58,284,887</u>	<u>72,110,756</u>	<u>196,954,738</u>
GROSS PROFIT		<u>11,285,612</u>	<u>11,987,605</u>	<u>31,102,672</u>
OPERATING EXPENSES	9			
Administrative expenses		2,927,046	3,097,694	3,469,181
Other operating expenses		<u>789,093</u>	<u>2,116,124</u>	<u>3,737,974</u>
		<u>3,716,139</u>	<u>5,213,818</u>	<u>7,207,155</u>
OPERATING PROFIT		7,569,473	6,773,787	23,895,517
FINANCE INCOME	4	<u>30,259</u>	<u>24,945</u>	<u>15,511</u>
PROFIT BEFORE TAX		7,599,732	6,798,732	23,911,028
TAX INCOME (EXPENSE)	11	(<u>1,898,420</u>)	<u>1,457,322</u>	(<u>7,870,503</u>)
NET PROFIT		<u>5,701,312</u>	<u>8,256,054</u>	<u>16,040,525</u>
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified subsequently to profit or loss				
Gain on remeasurements of post-employment defined benefit obligation	10	23,387	16,068	-
Tax expense	11	(<u>5,847</u>)	(<u>4,017</u>)	-
		<u>17,540</u>	<u>12,051</u>	-
TOTAL COMPREHENSIVE INCOME		<u>P 5,718,852</u>	<u>P 8,268,105</u>	<u>P 16,040,525</u>
Basic and Diluted Earnings Per Share	14	<u>P 0.052</u>	<u>P 0.075</u>	<u>P 0.146</u>

See Notes to Financial Statements.



SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Capital Stock (see Note 13)	Additional Paid-in Capital	Revaluation Reserve (see Note 10)	Deficit	Total
Balance at January 1, 2022	P 110,000,000	P 1,509,641	P 12,051	(P 59,432,437)	P 52,089,255
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>17,540</u>	<u>5,701,312</u>	<u>5,718,852</u>
Balance at December 31, 2022	<u>P 110,000,000</u>	<u>P 1,509,641</u>	<u>P 29,591</u>	<u>(P 53,731,125)</u>	<u>P 57,808,107</u>
Balance at January 1, 2021	P 110,000,000	P 1,509,641	P -	(P 67,688,491)	P 43,821,150
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>12,051</u>	<u>8,256,054</u>	<u>8,268,105</u>
Balance at December 31, 2021	<u>P 110,000,000</u>	<u>P 1,509,641</u>	<u>P 12,051</u>	<u>(P 59,432,437)</u>	<u>P 52,089,255</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,040,525</u>	<u>16,040,525</u>
Balance at December 31, 2020	<u>P 110,000,000</u>	<u>P 1,509,641</u>	<u>P -</u>	<u>(P 67,688,491)</u>	<u>P 43,821,150</u>

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 7,599,732	P 6,798,732	P 23,911,028
Adjustments for:				
Interest income	4	(30,259)	(24,945)	(15,511)
Impairment losses on receivables	5	-	37,943	-
Operating profit before working capital changes		7,569,473	6,811,730	23,895,517
Decrease (increase) in receivables		(9,427,918)	19,346,669	4,296,043
Decrease (increase) in other current assets		(549,279)	1,471,197	(1,702,048)
Increase (decrease) in trade and other payables		3,557,344	(9,866,117)	(18,160,564)
Increase in post-employment defined benefit obligation		48,254	95,595	-
Cash generated from operations		1,197,874	17,859,074	8,328,948
Cash paid for final taxes		(6,052)	(4,989)	(3,102)
Net Cash From Operating Activities		1,191,822	17,854,085	8,325,846
CASH FLOWS FROM AN INVESTING ACTIVITY				
Interest received	4	30,259	24,945	15,511
NET INCREASE IN CASH		1,222,081	17,879,030	8,341,357
CASH AT BEGINNING OF YEAR		31,584,572	13,705,542	5,364,185
CASH AT END OF YEAR		P 32,806,653	P 31,584,572	P 13,705,542

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020
(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, 2022, 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., the Company provides the necessary manpower requirement of their projects by engaging the services of third party subcontractors (see Note 12.1). They have no other major activities, hence, no segment information and disclosures are presented in the Company's financial statements.

On December 7, 2022, the Company's BOD approved the change of address of the Company to CSP Building, 173 Edsa Barangay Wack Wack, Mandaluyong City. The change of address was applied to SEC in 2022 but has not yet been approved as of date of issuance of these financial statements. On the other hand, the change of address is yet to be applied to the Bureau of Internal Revenue (BIR). The Company's registered office address is located at 41st Floor, Joy-Nostalg Building, No. 17 ADB Avenue, Ortigas Center, Brgy. San Antonio, Pasig City.

1.2 Status of Operations

The Company reported a substantial deficit of P53.7 million and P59.4 million as at December 31, 2022 and 2021, 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 Russia - Ukraine Conflict on the Company's Business

On February 24, 2022, Russia started its invasion of Ukraine which caused far-reaching impact for economies, markets, and businesses. The ongoing military conflict has introduced a wide range of sanctions against Russia, including certain Russian entities and individual and led to significant casualties, dislocation of population, damage to infrastructure, slowdown of business operations in both countries, disruption of supply chains and commodity flows that impact commodity prices such as gas, petrol, cereals, iron and steel.

The Company in the construction business is affected by the significant changes in fuel and commodity prices in the global market which resulted to an increase in its overhead costs and other operating expenses. The Company has put in place risk management measures to mitigate the impact of the conflict including initiatives to diversify its supply chain. However, the management assessed that the impact of this event is not continuing and therefore will not affect the ability of the Company to continue as a going concern.

1.4 Continuing 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 and its impact has been continuing until the date of the approval of these financial statements. In 2022, the country's economic status improved because of reopening of local and international travels and loosening of health and safety protocols and restrictions. Demand and supply of products are slowly returning to pre-pandemic levels. As a result, overall continuing impact of the COVID-19 pandemic to the Company is continuously improving.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management projects that the Company would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern due to the effects of the pandemic.

1.5 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2022 (including the comparative financial statements as of December 31, 2021 and for the years ended December 31, 2021 and 2020) were authorized for issue by the Company's BOD on April 5, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized 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 Amended PFRS

(a) Effective in 2022 that are Relevant to the Company

The Company adopted for the first time the following amendments which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to
PFRS (2018-2020 Cycle)
PFRS 9 (Amendments) : Financial Instruments – Fees in the
‘10 per cent’ Test for Derecognition
of Liabilities
PFRS 16 (Amendments): Leases – Lease Incentives

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

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Company’s financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.
- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Company’s policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Company’s financial statements as a result of the change since none of the existing contracts as of January 1, 2022 were identified as onerous after applying the amendments.

- (iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Company’s financial statements:
 - PFRS 9 (Amendments), *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Liabilities*. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) *Effective in 2022 that are not Relevant to the Company*

Among the amendments and annual improvements to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Company's financial statements:

- (i) PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework*
- (ii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments are not relevant to the Company:
 - PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*
 - PAS 41, *Agriculture – Taxation in Fair Value Measurements*

(c) *Effective Subsequent to 2022 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (ii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

2.3 Current versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

2.4 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions in the financial instrument.

(a) 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.

(i) Classification, Measurement and Reclassification 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. 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 and are not designated as fair value through profit or loss:

- 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 receivables 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, Receivables and Refundable Security Deposits under Other Current Assets.

For purposes of cash flows reporting and presentation, cash generally includes cash on hand and demand deposits that are unrestricted as to withdrawal and readily available for use in the Company's operations.

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 Finance 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.

(ii) *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 ECL impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(iii) *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.

(b) *Financial Liabilities*

Financial liabilities, which include the Company's trade and other payables (except tax-related payables and advances from customers), 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 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.

Retention payable pertains to amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are remitted back to the contractors.

(c) *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.

2.5 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.

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).

2.6 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.

2.7 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.

2.8 Revenue and Expense Recognition

Revenue comprises revenue from construction contracts only.

To determine whether to recognize revenue, the Company follows a five-step process:

- 1) Identifying the contract with a customer;
- 2) Identifying the performance obligation;
- 3) Determining the transaction price;
- 4) Allocating the transaction price to the performance obligations; and,
- 5) 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 services to be performed can be identified;
- (c) the payment terms for the services to be 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 services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised 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:

- the customer simultaneously receives and consumes the benefits by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- 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 is recognized 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.

2.9 Leases – Company as Lessee

For any new contracts entered into, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

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 post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized as follows:

(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.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated 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 zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, 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 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. 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 period. The calculation also takes into account of any changes in the defined benefit liability during the period as a result of benefit payments. Interest is reported as part of Finance costs under Finance Income in profit or loss.

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 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 each reporting period. They are included in Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.12 Income Taxes

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

Current tax assets or current tax 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 current tax 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 deferred tax 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 deferred tax 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 deferred tax 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 setoff 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.

Based on the requirements of SEC Memorandum Circular 2019-10, *Rules on Material Related Party Transactions for Publicly-Listed Entities*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

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 includes any premiums received on the issuance of capital stock and share-based remuneration, if any. Any transaction costs associated with the issuance of shares are deducted from additional paid in capital, net of any related income tax benefits.

Revaluation reserves consist of accumulated actuarial gains and losses arising from remeasurements of post-employment defined benefit obligation, net of tax.

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 preparation of the Company's financial statements in accordance with PFRS requires 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. Accounting policies on recognition of disclosure of provisions and contingencies are discussed in Note 2.7 and disclosures on relevant provisions and contingencies 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) Revenue Recognition for Performance Obligations Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Company measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Company estimates the total development costs with reference to the project development plan and any agreement with customers.

Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) 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).

(c) 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, 2022 and 2021.

(d) *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 2022 and 2021, management assessed that the deferred tax assets recognized as at December 31, 2022 and 2021 will be fully utilized in the coming years. The carrying value of deferred tax assets as of December 31, 2022 and 2021 is disclosed in Note 11.

(e) *Evaluation of 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 2022, 2021 and 2020 based on management's assessment.

(f) *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.

(g) *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.

(b) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the assumptions used in estimating such obligation, are presented in Note 10.2.

4. CASH

Cash is broken down as follows:

	<u>2022</u>	<u>2021</u>
Cash in banks	P 32,804,653	P 31,582,572
Cash on hand	<u>2,000</u>	<u>2,000</u>
	<u>P 32,806,653</u>	<u>P 31,584,572</u>

Cash in banks generally earn interest based on daily bank deposit rates. Interest income is presented as Finance Income in the statements of comprehensive income.

5. RECEIVABLES – Net

This account is composed of the following:

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Contracts receivables	12.1	P 43,683,648	P 33,746,131
Advances to related parties	12.2	274,105	239,264
Others		<u>67,473</u>	<u>611,913</u>
		44,025,226	34,597,308
Allowance for impairment		(11,007,633)	(11,007,633)
		<u>P 33,017,593</u>	<u>P 23,589,675</u>

Contracts receivables is broken down as follows:

	<u>2022</u>	<u>2021</u>
Billed	P 13,340,678	P 6,835,822
Retention	<u>30,342,970</u>	<u>26,910,309</u>
	<u>P 43,683,648</u>	<u>P 33,746,131</u>

Certain outstanding contracts receivables as of December 31, 2022 and 2021, 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)].

A reconciliation of the allowance for impairment at the beginning and end of 2022 and 2021 is shown below.

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		P 11,007,633	P 10,969,690
Impairment losses	9	<u>-</u>	<u>37,943</u>
Balance at end of year		<u>P 11,007,633</u>	<u>P 11,007,633</u>

6. OTHER CURRENT ASSETS

This account consists of:

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Creditable withholding tax		P 10,974,500	P 11,487,522
Deferred input value-added tax (VAT)		3,214,271	2,692,343
Advances to contractors and suppliers		3,166,127	4,530,186
Refundable security deposits	9	57,935	57,935
Others		<u>34,590</u>	<u>34,590</u>
		<u>P 17,447,423</u>	<u>P 18,802,576</u>

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 suppliers. These advances are classified as current since it would be applied as payments for subcontractors.

Deferred input VAT pertains to input VAT from purchases of capital goods subject to amortization and accrued input tax arising from the Company's outstanding payable on services rendered by third parties.

7. FURNITURE AND FIXTURES

The gross carrying amounts and accumulated depreciation of furniture and fixtures at the beginning and end of 2022, 2021 and 2020 are shown below.

Cost	P 49,562
Accumulated depreciation	(<u>49,562</u>)
Net carrying amount	<u>P -</u>

As of December 31, 2022 and 2021, 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:

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Advances from customers	12.3	P 12,200,470	P 11,731,913
Retention fees		7,748,792	5,617,588
Deferred output VAT		5,344,230	4,188,591
Trade payables		2,497,945	2,413,836
Output VAT payable		-	406,821
Others		245,965	121,309
		<u>P 28,037,402</u>	<u>P 24,480,058</u>

Deferred output VAT arose from the uncollected contracts receivables.

9. COSTS AND OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Outside services		P 58,284,887	P 72,110,756	P 196,533,386
Salaries and employee benefits	10	1,314,896	1,191,036	381,028
Professional fees		1,167,583	1,138,842	1,103,954
Taxes and licenses		320,420	578,216	2,377,222
Rentals		124,147	113,802	-
Utilities and communication		65,856	66,992	51,922
Repairs and maintenance		60,796	51,750	14,900
Impairment losses on receivables	5	-	37,943	-
Miscellaneous		662,441	2,035,237	3,699,481
		<u>P 62,001,026</u>	<u>P 77,324,574</u>	<u>P 204,161,893</u>

Rentals pertain to lease payments for a short-term lease. The Company has elected not to recognize a lease liability for short-term lease. Payments made under such leases are expensed on a straight-line basis. The security deposits paid in connection with the short-term lease amounting to P57,935 as of December 31, 2022 and 2021 is presented as Refundable security deposits under Other Current Assets account in the statements of financial position (see Note 6).

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:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contract costs	P 58,284,887	P 72,110,756	P 196,954,738
Administrative expenses	2,927,046	3,097,694	3,469,181
Other operating expenses	789,093	2,116,124	3,737,974
	<u>P 62,001,026</u>	<u>P 77,324,574</u>	<u>P 204,161,893</u>

Contract costs for the years ended December 31, 2022, 2021 and 2020 consist of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Subcontractors' fees	P 58,284,887	P 72,110,756	P 196,533,386
Taxes and licenses	<u>-</u>	<u>-</u>	<u>421,352</u>
	<u>P 58,284,887</u>	<u>P 72,110,756</u>	<u>P 196,954,738</u>

10. EMPLOYEE BENEFITS

10.1 Salaries and Employee Benefits

The composition of salaries and employee benefits is presented below.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits		P 1,266,642	P 1,095,441	P 381,028
Post-employment defined benefits	10.2(b)	<u>48,254</u>	<u>95,595</u>	<u>-</u>
	9	<u>P 1,314,896</u>	<u>P 1,191,036</u>	<u>P 381,028</u>

10.2 Post-employment Benefit

(a) Characteristics of the Defined Benefit Plan

The Company has not yet established a formal post-employment plan. However, it accrues the estimated cost of post-employment benefits, actuarially determined, required by the provisions of Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, through an unfunded and non-contributory post-employment defined benefit plan covering all qualified full-time employees. R.A. No. 7641, does not, however, require it to be funded.

The normal retirement age is 60 with a minimum of five years of credited service. Normal retirement benefit is an amount equivalent to a portion of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

The actuarial valuation was made in 2022 and 2021 by a professionally qualified actuary. The retirement benefit obligation amounted to P104,394 and P79,527 as of December 31, 2022 and 2021, respectively, and is presented as Post-employment Defined Benefit Obligation in the statements of financial position.

The movements in the present value of the post-employment defined benefit obligation recognized in the statements of financial position as of December 31 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 79,527	P -
Current service cost	44,206	93,748
Interest expense	4,048	1,847
Remeasurements:		
Actuarial losses (gains)		
arising from:		
Changes in financial assumptions	(24,823)	(44,490)
Experience adjustments	<u>1,436</u>	<u>28,422</u>
Balance at end of year	<u>P 104,394</u>	<u>P 79,527</u>

The current service cost and interest expense are presented as part of Salaries and employee benefits under Administrative Expenses account in the statements of comprehensive income (see Notes 9 and 10.1).

The total actuarial gains on remeasurement of post-employment defined benefit obligation is recognized in other comprehensive income and included within item that will not be reclassified subsequently to profit or loss.

In determining the amount of the post-employment defined benefit obligation, the following significant actuarial assumptions were used for the year ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Discount rate	7.22%	5.09%
Expected rate of salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 19 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Interest Rate Risk*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, and the timing and uncertainty of future cash flows related to the retirement plan as of December 31, 2022 and 2021 are discussed below and in the succeeding page.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31:

	<u>Impact on Post-Employment Benefit Obligation</u>			
	<u>Change in Assumption</u>		<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
<u>December 31, 2022:</u>				
Discount rate	+/- 1.0%	(P	24,823)	P 25,753
Salary growth rate	+/- 1.0%		141,682	(116,370)
<u>December 31, 2021:</u>				
Discount rate	+/- 1.0%	(P	7,171)	P 8,594
Salary growth rate	+/- 1.0%		8,642	(7,142)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

(ii) *Funding Arrangements and Expected Contributions*

The plan is currently unfunded by P104,394 based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk that the Company may be exposed to if several employees retire within the same year.

The Company has yet to determine when to establish a retirement fund and how much to contribute.

The maturity profile of the undiscounted expected benefit payments as of December 31, 2022 and 2021 from the plan follows:

	<u>2022</u>		<u>2021</u>
Within 10 years	P 472,054	P	486,206
More than 10 years to 15 years	449,945		-
More than 15 years to 20 years	-		437,985
More than 20 years	<u>2,062,989</u>		<u>2,066,354</u>
	<u>P 2,984,988</u>	P	<u>2,990,545</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 21 years.

11. TAXES

The components of tax expense (income) as reported in the statements of comprehensive income are shown below.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Reported in profit or loss:</i>			
Current tax:			
Regular corporate income tax (RCIT) at 25% in 2022 and 2021 and 30% in 2020	P 1,904,432	P 2,002,371	P 7,867,401
Final tax at 20%	6,052	4,989	3,102
Adjustment in income taxes due to change in income tax rate	<u>-</u>	<u>(655,616)</u>	<u>-</u>
	1,910,484	1,351,744	7,870,503
Deferred tax income relating to origination and reversal of temporary differences	<u>(12,064)</u>	<u>(2,809,066)</u>	<u>-</u>
	<u>P 1,898,420</u>	<u>(P 1,457,322)</u>	<u>P 7,870,503</u>
<i>Other comprehensive income –</i>			
Deferred tax expense relating to origination and reversal of temporary differences	<u>P 5,847</u>	<u>P 4,017</u>	<u>P -</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax on pretax profit at 25% in 2022 and 2021 and 30% in 2020	P 1,899,933	P 1,699,683	P 7,173,308
Adjustment for income subjected to lower income tax rate	(1,513)	(1,247)	(1,551)
Effect of the change in income tax rate	-	(655,616)	-
Tax effects of:			
Recognition of previously unrecognized deferred tax assets	-	(2,775,681)	-
Non-deductible expenses	<u>-</u>	<u>275,539</u>	<u>698,746</u>
Tax expense (income)	<u>P 1,898,420</u>	<u>(P 1,457,322)</u>	<u>P 7,870,503</u>

As of December 31, 2022, the details of the Company's deferred tax assets are as follows:

	<u>Statements of Financial Position</u>		<u>Statements of Profit or Loss</u>		<u>Statements of Other Comprehensive Income</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Allowance for impairment of trade and other receivables	P 2,751,909	P 2,751,909	P -	P 2,751,909	P -	P -
Provisions for rework	33,258	33,258	-	33,258	-	-
Post-employment defined benefit obligation	<u>26,099</u>	19,882	<u>12,064</u>	23,899	<u>5,847</u>	4,017
Deferred tax assets	<u>P 2,811,266</u>	<u>P 2,805,049</u>				
Net deferred tax expense (income)			<u>(P 12,064)</u>	<u>(P 2,809,066)</u>	<u>P 5,847</u>	<u>P 4,017</u>

The Company is subject to minimum corporate income tax (MCIT), which is computed at 1% in 2022 and 2021, and 2% in 2020, of gross income less allowable deductions, as defined under the tax regulations, or RCIT, which is computed at 25% of taxable income in 2022 and 2021, and 30% in 2020, whichever is higher. Accordingly, the Company was liable to pay RCIT in 2022, 2021 and 2020 as RCIT is higher than MCIT in those years.

In 2022, 2021 and 2020, the Company claimed itemized deductions in computing its income tax due.

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	Note	Amount of Transactions			Outstanding Balances	
		2022	2021	2020	2022	2021
Related Parties Under Common Ownership:						
Construction services	12.1	P 69,570,499	P 84,098,361	P 228,057,410	P 43,683,648	P 33,746,131
Advances to/from related parties	12.2	34,841	15,500	(11,740,895)	274,105	239,264
Advances from customers	12.3	468,557	2,172,077	2,856,336	(12,200,470)	(11,731,913)

In 2022 and 2021, 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 [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.

Contract revenue of the Company arising from in progress and completed construction contracts are presented below.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue from:			
Contracts in progress	P 44,087,706	P 6,862,236	P 60,540,968
Completed contracts	<u>25,482,793</u>	<u>77,236,125</u>	<u>167,516,442</u>
	<u>P 69,570,499</u>	<u>P 84,098,361</u>	<u>P 228,057,410</u>

Accordingly, the revenues are disaggregated when the Company prepares presentations to its investors. 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, the Company's revenues are only generated from the construction contracts which are recognized over time, and usually for a period of 12 months. All of the Company's construction projects are residential projects in Carmona, Cavite and Montalban, Rizal.

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 receivables under the Receivables - net account in the statements of financial position (see Note 5). These receivables are unsecured to the extent of advances received, noninterest-bearing and payable in cash.

Presented below is an analysis of the movements in contracts receivables.

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		P 33,746,131	P 52,763,330
Contract revenues, gross of VAT		77,918,959	94,190,164
Collections		<u>(67,981,442)</u>	<u>(113,207,363)</u>
Balance at end of year	5	<u>P 43,683,648</u>	<u>P 33,746,131</u>

The Company also has 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, 2022 and 2021) 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 - net account in the statements of financial position (see Note 5).

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P 239,264	P 223,764
Additions	<u>34,841</u>	<u>15,500</u>
Balance at end of year	<u>P 274,105</u>	<u>P 239,264</u>

The advances to and from related parties have no fixed repayment terms and are generally payable in cash on demand, or through offsetting arrangements (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 party customers 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

There were no transactions with key management personnel for the years ended December 31, 2022, 2021 and 2020. Certain administrative functions of the Company are performed by the officers of a related party under common ownership at no cost to the Company.

13. CAPITAL STOCK

As at December 31, 2022 and 2021, the Company has authorized capital stock of P155,000,000 divided into 155,000,000 shares with a P1.00 par value per share. As at those dates, it has 110,000,000 issued and outstanding shares, or a total of P110,000,000.

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:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net profit	P 5,701,312	P 8,256,054	P 16,040,525
Divided by the weighted average number of outstanding common shares	<u>110,000,000</u>	<u>110,000,000</u>	<u>110,000,000</u>
Basic and diluted earnings per share	<u>P 0.052</u>	<u>P 0.075</u>	<u>P 0.146</u>

The Company has no dilutive potential common shares as at December 31, 2022, 2021 and 2020; hence, diluted earnings per share equals the basic earnings 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, 2022 and 2021, 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 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 in below.

	Notes	2022	2021
Cash	4	P 32,806,653	P 31,584,572
Receivables - net	5	33,017,593	23,589,675
Refundable security deposits	6	<u>57,935</u>	<u>57,935</u>
		<u>P 65,882,181</u>	<u>P 55,232,182</u>

None of the Company's financial assets are secured by collateral or other credit enhancements. The management considers that all the above financial assets that are not impaired or past due for each reporting date 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 P0.5 million for every depositor per banking institution, as provided for under 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 receivables.

To measure the ECL for 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 relation to contract 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 debtors), 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 contract receivables that are past due (i.e., aged more than one year) as of December 31, 2022 and 2021. Management deems this estimate to be adequate and reflective of the Company's ability to collect from its customers.

(c) *Refundable Security Deposits*

The Company is not exposed to any significant credit risk exposure, since the counterparty is reputable lessor with sound liquid position.

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, 2022 and 2021, the Company's financial liabilities amounted to P10,492,702 and P8,152,733, 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 Company has no financial instruments that are carried at fair value. Its financial assets and financial liabilities as of December 31, 2022 and 2021 which are carried at amortized cost have carrying amounts that are equal to or approximate their fair values because of the short-term nature. Accordingly, no further comparison of their carrying values with their fair values is presented.

See Note 2.4 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.

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.

Fair value of cash is included in Level 1 of the fair value hierarchy as the carrying amount represents approximation of its fair value. On the other hand, fair values of all other financial instruments are included in Level 3 of the fair value hierarchy as these financial instruments are not traded in an active market and their fair values are determined based on the expected cash flows of the underlying net asset or liability base of the instruments where the significant inputs required to determine the fair values of such instruments are not based on observable market data.

17.3 Offsetting of Financial Assets and Financial Liabilities

The Company has not set off financial instruments as of December 31, 2022 and 2021 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, 2022 and 2021 that can be offset against the outstanding advances to and receivables from related parties, gross of allowance for impairment, amounting to P43,957,753 and P33,985,395 as at December 31, 2022 and 2021, 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 and to provide an adequate return to shareholders by pricing services commensurately with the level of risk. 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 condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the pay-off of existing debts.

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

	<u>2022</u>	<u>2021</u>
Total liabilities	P 28,274,828	P 24,692,617
Total equity	<u>57,808,107</u>	<u>52,089,255</u>
Debt-to-equity ratio	<u>0.49 : 1.00</u>	<u>0.47 : 1.00</u>

19. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented in the succeeding pages are the supplementary information which is required by the BIR under Revenue Regulation (RR) No. 15-2010 and RR No. 34-2020 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

19.1 Requirements under RR No. 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year are presented below and in the succeeding page.

(a) Output VAT

In 2022, the Company declared output VAT amounting to P7,389,447 based on gross receipts amounting to P61,578,728. 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 amount presented in the 2022 statement of comprehensive income.

The Company did not have zero-rated and VAT-exempt transactions in 2022.

The deferred output VAT as of December 31, 2022 is presented under Trade and Other Payables account in the 2022 statement of financial position.

(b) Input VAT

The movements in input VAT in 2022 is summarized below.

Balance at beginning of year	P -
Services lodged under cost of goods sold	7,005,828
Input VAT applied against output VAT	(<u>7,005,828</u>)
Balance at end of year	<u>P -</u>

The outstanding deferred input VAT, related to advances to contractors to be applied in the next reporting period, amounted to P3,214,271 as of December 31, 2022 and is presented as part of Other Current Assets account in the 2022 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, 2022.

(d) *Excise Tax*

The Company did not have any transactions in 2022 which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The Company did not have any transactions in 2022 which are subject to DST.

(f) *Taxes and Licenses*

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

Business tax	P	314,498
Municipal licenses and permits		5,422
Annual VAT registration		<u>500</u>
	P	<u>320,420</u>

(g) *Withholding Taxes*

The total withholding taxes of the Company for the year ended December 31, 2022 are shown below.

Expanded	P	1,247,671
Compensation and benefits		<u>46,555</u>
	P	<u>1,294,226</u>

The Company has no transactions which are subject to final withholding taxes.

(h) *Deficiency Tax Assessments and Tax Cases*

As of December 31, 2022, 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.

19.2 Requirements under RR No. 34-2020

RR No. 34-2020 prescribes the guidelines and procedures on the submission of BIR Form No. 1709, transfer pricing documentation and other supporting documents for related party transactions. The Company is not covered by these requirements as the Company did not fall in any of the categories identified under Section 2 of RR No. 34-2020.

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

Punongbayan & Araullo

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


T +63 2 8988 2288

**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, 2022, on which we have rendered our report dated April 5, 2023. 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: James Joseph Benjamin J. Araullo
Partner

CPA Reg. No. 0111202
TIN 212-755-957
PTR No. 9566625, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 111202-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-039-2021 (until Nov. 9, 2024)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 5, 2023

SUPERCITY REALTY DEVELOPMENT CORPORATION
List of Supplementary Information
December 31, 2022

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-term Debt	N/A
E	Indebtedness to Related Parties (Long-term Loans from Related Parties)	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	3
Other Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	4
	Map Showing the Relationship Between the Company and its Related Parties	N/A

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule A - Financial Assets (Financial Assets at Amortized Cost)
December 31, 2022
(Amounts in Philippine Pesos)

<i>Description of Each Issue</i>	<i>Amount Shown in the Statement of Financial Position</i>		<i>Income Received and Accrued</i>	
Cash	P	32,806,653	P	30,259
Receivables - net		33,017,593	-	
Refundable security deposits		<u>57,935</u>	<u>-</u>	
	P	<u>65,882,181</u>	P	<u>30,259</u>

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
December 31, 2022
(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	172,564	P -	P -	P -	P -	P 172,564	P -	P 172,564
City & Life Properties, Inc.		<u>66,700</u>	<u>34,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,541</u>	<u>-</u>	<u>101,541</u>
Total Receivable from Related Parties	P	<u>239,264</u>	<u>P 34,841</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 274,105</u>	<u>P -</u>	<u>P 274,105</u>

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule G - Capital Stock
December 31, 2022

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, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common shares - P1 par value						
Authorized - 155,000,000 shares						
Issued and outstanding - 110,000,000 shares in 2022 and 2021	155,000,000	110,000,000	-	-	56,220,000	53,780,000

SUPERCITY REALTY DEVELOPMENT CORPORATION
41st Floor, Joy-Nostalg Building No. 17 ADB Avenue, Ortigas Center
Brgy. San Antonio, Pasig City
Reconciliation of Retained Earnings Available for Dividend Declaration
for the Year Ended December 31, 2022

Deficit at Beginning of Year	(P 59,432,437)
Net Profit Realized during the Year	
Net profit per audited financial statements	<u>5,701,312</u>
Unappropriated Retained Earnings at End of Year	(<u><u>P 53,731,125</u></u>)

Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo

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

T +63 2 8988 2288

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, 2022 and 2021, on which we have rendered our report dated April 5, 2023. 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, 2022 and 2021 and for each of the two years in the period ended December 31, 2022 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: James Joseph Benjamin J. Araullo
Partner

CPA Reg. No. 0111202
TIN 212-755-957
PTR No. 9566625, January 3, 2023, Makati City
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Partner - No. 111202-SEC (until financial period 2026)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-039-2021 (until Nov. 9, 2024)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 5, 2023

SUPERCITY REALTY DEVELOPMENT CORPORATION
Supplemental Schedule of Financial Soundness Indicators
December 31, 2022 and 2021

Ratio	Formula	2022	Formula	2021
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 83,271,669 Divide by: Total Current Liabilities 28,170,434 Current ratio 2.96	2.96	Total Current Assets divided by Total Current Liabilities Total Current Assets 73,976,823 Divide by: Total Current Liabilities 24,613,090 Current ratio 3.01	3.01
Acid test ratio	Quick assets (Total Current Assets less Other Current Assets) divided by Total Current Liabilities Total Current Assets 83,271,669 Less: Other Current Assets 17,447,423 Quick Assets 65,824,246 Divide by: Total Current Liabilities 28,170,434 Acid test ratio 2.34	2.34	Quick assets (Total Current Assets less Other Current Assets) divided by Total Current Liabilities Total Current Assets 73,976,823 Less: Other Current Assets 18,802,576 Quick Assets 55,174,247 Divide by: Total Current Liabilities 24,613,090 Acid test ratio 2.24	2.24
Solvency ratio	Total Assets divided by Total Liabilities Total Assets 86,082,935 Divide by: Total Liabilities 28,274,828 Solvency ratio 3.04	3.04	Total Assets divided by Total Liabilities Total Assets 76,781,872 Divide by: Total Liabilities 24,692,617 Solvency ratio 3.11	3.11
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 28,274,828 Divide by: Total Equity 57,808,107 Debt-to-equity ratio 0.49	0.49	Total Liabilities divided by Total Equity Total Liabilities 24,692,617 Divide by: Total Equity 52,089,255 Debt-to-equity ratio 0.47	0.47
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 86,082,935 Divide by: Total Equity 57,808,107 Assets-to-equity ratio 1.49	1.49	Total Assets divided by Total Equity Total Assets 76,781,872 Divide by: Total Equity 52,089,255 Assets-to-equity ratio 1.47	1.47
Interest rate coverage ratio*	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 7,599,732 Divide by: Interest expense - Interest rate coverage ratio -	N/A	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 6,798,732 Divide by: Interest expense - Interest rate coverage ratio -	N/A
Return on equity	Net Profit divided by Average Equity Net Profit 5,701,312 Divide by: Average Equity 54,948,681 Return on equity 0.10	0.10	Net Profit divided by Average Equity Net Profit 8,256,054 Divide by: Average Equity 47,955,203 Return on equity 0.17	0.17
Return on assets	Net Profit divided by Average Assets Net Profit 5,701,312 Divide by: Average Assets 81,432,404 Return on assets 0.07	0.07	Net Profit divided by Average Assets Net Profit 8,256,054 Divide by: Average Assets 77,541,115 Return on assets 0.11	0.11
Net profit margin	Net Profit divided by Total Revenue Net Profit 5,701,312 Divide by: Total Revenue 69,570,499 Net profit margin 0.08	0.08	Net Profit divided by Total Revenue Net Profit 8,256,054 Divide by: Total Revenue 84,098,361 Net profit margin 0.10	0.10

*The Company has no existing interest-bearing loans as of December 31, 2022 and 2021.

COVER SHEET

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S.E.C. Registration Number

S	U	P	E	R	C	I	T	Y		R	E	A	L	T	Y		D	E	V	.		C	O	R	P	.				

(Company's Full Name)

4	1	s	t		F	L	O	O	R		J	O	Y	-	N	O	S	T	A	L	G		C	E	N	T	R	E		1	7
A	D	B		A	V	E	.		O	R	T	I	G	A	S		C	T	R	.		P	A	S	I	G		C	I	T	Y

(Business Address : No. Street City / Town / Province)

Enrique C. Cunanan																													
Contact Person																													

5328-3288 / 8638-7779																													
Company Telephone Number																													

1	2	3	1
Month	Day	Fiscal Year	

Form 17-Q June 30, 2023
FORM TYPE

0	7	2	7
Month	Day	Annual Meeting	

N/A
Secondary License Type, If Applicable

C	R	M
Dept. Requiring this Doc.		

Amended Articles Number/Section									

	3	6	4
Total No. of Stockholders			

Total Amount of Borrowings									
Domestic					Foreign				

To be accomplished by SEC Personnel concerned

File Number									

LCU

Document I.D.									

Cashier

STAMPS									
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Remarks = pls. use black ink for scanning purposes

**SUPERCITY REALTY DEVELOPMENT
CORPORATION**

(Company's Full Name)

**41st Floor Joy Nostalg Center
No. 17 ADB Avenue
Ortigas Center, Pasig City**

(Company Address)

8638-7779

(Telephone Number)

December 31

(Calendar Year Ending – Month & Day)

SEC Form 17-Q

(Form Type)

Amendment Designation (If Applicable)

June 30, 2023

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 **June 30, 2023**
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)86387779**
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	Number of shares of common stock outstanding and of debt	
amount outstanding		
COMMON SHARES – P 1 par value	No. of Shares	Amount
Authorized	155,000,000	155,000,000.00
Issued	110,000,000	110,000,000.00
Subscribed	110,000,000	110,000,000.00

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

Yes ☒ 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 June 30, 2023 and December 31, 2022

		<i>*Based on Audited FS</i>
	06/30/2023	12/31/2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	36,990,189	32,806,653
Trade & other receivables (Note 1)	23,795,177	33,017,593
Prepayments and other current assets (Note 2)	15,287,241	17,447,423
Total current assets	76,072,607	83,271,669
NON-CURRENT ASSETS		
Deferred tax assets	2,811,266	2,811,266
Total non-current assets	2,811,266	2,811,266
TOTAL ASSETS	78,883,873	86,082,935
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables (Note 3)	21,339,129	28,037,402
Provision for repairs	133,032	133,032
Total current liabilities	21,472,161	28,170,434
NON-CURRENT LIABILITIES		
Retirement benefit obligation	104,394	104,394
Total Non-current Liabilities	104,394	104,394
Total Liabilities	21,576,555	28,274,828
EQUITY		
Capital stock	110,000,000	110,000,000
Additional paid-in capital	1,509,641	1,509,641
Revaluation Reserve	29,591	29,591
Deficit	(54,231,914)	(53,731,125)
Total equity	57,307,318	57,808,107
TOTAL LIABILITIES AND EQUITY	78,883,873	86,082,935

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Comprehensive Income
For the 6-month periods ended June 30, 2023 and 2022

Account Title	April-June 2023	April-June 2022	Jan - June 2023	Jan - June 2022
REVENUES	5,708,545	7,682,425	13,069,978	14,370,003
CONTRACT COSTS	4,706,464	6,165,557	10,945,224	11,738,539
GROSS PROFIT	1,002,081	1,516,868	2,124,754	2,631,464
OPERATING EXPENSES				
Administrative expenses (Note 4)	738,564	523,553	2,006,286	1,640,162
Other operating expenses (Note 5)	206,377	149,088	632,774	531,827
	944,941	672,641	2,639,060	2,171,989
OPERATING PROFIT	57,140	844,227	(514,306)	459,475
OTHER INCOME (CHARGES)				
Other gains - net	6,976	5,865	13,517	11,849
	6,976	5,865	13,517	11,849
INCOME BEFORE TAX	64,116	850,092	(500,789)	471,324
TAX EXPENSE	-	114,869	-	114,869
NET INCOME	64,116	735,223	(500,789)	356,455
Earning(Loss) Per Share				
Net Income	64,116	735,223	(500,789)	356,455
Shares Outstanding	110,000,000	110,000,000	110,000,000	110,000,000
Earning/(loss) per share	0.0006	0.0067	(0.0046)	0.0032

Note 1	As Of	
	06/30/2023	12/31/2022
Trade & other receivables		
Current:		
Contract receivable (net of impairment)	23,477,989	32,676,015
Advances to related parties	279,025	274,105
Others	38,163	67,473
	23,795,177	33,017,593

Note 2	As Of	
	06/30/2023	12/31/2022
Prepayments and other current assets		
Creditable Withholding tax	11,293,630	10,974,500
Advances to suppliers and subcontractors	1,035,002	3,166,127
Deferred input VAT	2,896,674	3,214,271
Prepaid Expenses	61,935	92,525
	15,287,241	17,447,423

Note 3	As Of	
	06/30/2023	12/31/2022
Trade and other payables		
Deferred output valued-added taxes	5,151,974	5,344,230
Advances from customers	9,838,430	12,200,470
Retention fees	4,480,225	7,748,792
Trade payables	1,125,491	2,497,945
Output VAT	603,095	0
Other payables and accrued expenses	139,914	245,965
Total	21,339,129	28,037,402

Note 4	April - June		January - June	
	2023	2022	2023	2022
Administrative Expenses:				
Salaries and employee benefits	275,509	260,963	538,856	519,719
Taxes and licenses	152,685	1,342	604,190	317,523
Rent	31,037	31,037	62,074	62,074
Professional fees	279,334	230,211	801,167	740,846
	738,564	523,553	2,006,286	1,640,162

Note 5	April - June		January - June	
	2023	2022	2023	2022
Other Operating Expenses:				
Subscription	(0)	29,337	276,870	279,337
Contractual and service fees	0	(0)	0	(0)
Communication, Light and water	37,696	30,369	46,913	39,775
Stationery and supplies	9,145	5,239	17,956	18,455
Miscellaneous	159,536	84,143	291,035	194,260
	206,377	149,088	632,774	531,827

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Changes in Equity
For the 6-month periods ended June 30, 2023 and 2022

	Capital Stock	Additional Paid-in Capital	Revaluation Reserved	Retained Earnings(Deficit)	Total
Balance at January 1, 2023	P 110,000,000	P 1,509,641	P 29,591	(P 53,731,125)	P 57,808,107
Net Income for Jan-June	-	-	-	(500,789)	(500,789)
Balance at June 30, 2023	P 110,000,000	P 1,509,641	P 29,591	(P54,231,914)	P 57,307,318
Balance at January 1, 2022	P 110,000,000	P 1,509,641	P 29,591	(P 53,731,125)	P 57,808,107
Net Income for Jan-June	-	-		356,455	356,455
Balance at June 30, 2022	P 110,000,000	P 1,509,641	P 29,591	(P53,374,670)	P 58,164,562

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Cash Flows
For the 6-month periods ended June 30, 2023 and 2022

	<u>Jan - June 2023</u>	<u>Jan - June 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(500,789)	471,324
Adjustments for:		
Interest income	<u>13,517</u>	<u>11,849</u>
Operating income before working capital changes	(487,272)	483,172
Decrease (Increase) in trade and other receivables	9,222,416	(2,026,176)
Decrease (Increase) in prepayments and other current assets	2,160,182	(6,877,764)
Increase (Decrease) in trade payables and other payables	(6,698,273)	7,556,523
Cash Generated from (used in) Operations	4,197,053	(864,245)
Applied for Income taxes	<u>-</u>	<u>(114,869)</u>
Net Cash From (Used in) Operating Activities	<u>4,197,053</u>	<u>(979,114)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>(13,517)</u>	<u>(11,849)</u>
Net Cash From (Used in) Investing Activities	<u>(13,517)</u>	<u>(11,849)</u>
NET INCREASE (DECREASE) IN CASH	4,183,536	(990,962)
CASH AT BEGINNING OF YEAR	<u>32,806,653</u>	<u>31,584,572</u>
CASH AT END OF PERIOD	<u><u>36,990,189</u></u>	<u><u>30,593,610</u></u>

SUPERCITY REALTY DEVELOPMENT CORPORATION
Schedule of Aging of Accounts Receivable Trade
As of June 30, 2023

Client	Current	1 - 30 days	31 - 60 days	61 - 90 days	Overdue	Total
Earth+Style (ESC)	-				42,159	42,159
Cenq Homes	1,973,801	21,462,029			-	23,435,830
Total	1,973,801	21,462,029	-	-	42,159	23,477,989

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) Effective in 2022 that are Relevant to the Company

The Company adopted for the first time the following amendments which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments) : Property, Plant and Equipment – Proceeds Before Intended Use

PAS 37 (Amendments) : Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to
PFRS (2018-2020 Cycle)
PFRS 9 (Amendments) : Financial Instruments – Fees in the
‘10 per cent’ Test for Derecognition of Liabilities
PFRS 16 (Amendments): Leases – Lease Incentives

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

(i) PAS 16 (Amendments), Property, Plant and Equipment – Proceeds Before Intended Use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Company’s financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.

(ii) PAS 37 (Amendments), Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Company’s policy to include both incremental costs and an allocation of other costs when determining whether a contract was onerous.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Company’s financial statements as a result of the change since none of the existing contracts as of January 1, 2022 were identified as onerous after applying the amendments.

(iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact and which are effective from January 1, 2022, are relevant to the Company’s financial statements:

- ☐ PFRS 9 (Amendments), Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Liabilities. The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
- ☐ Illustrative Examples Accompanying PFRS 16, Leases – Lease Incentives. The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) *Effective Subsequent to 2022 but not Adopted Early*

Among the amendments and annual improvements to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Company's financial statements:

(i) PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework*

(ii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments are not relevant to the Company:

- ☐ PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*
– *Subsidiary as a First-time Adopter*
- ☐ PAS 41, *Agriculture – Taxation in Fair Value Measurements*

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 1st half of the current year, the Company generated just enough revenues from the subsisting contracts from the year 2022.

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 2nd quarter of this year, there were neither payments nor availments of interest-bearing loans. Likewise, there were no issuances, repurchases or repayments of equity securities.

Item 1.7.f. Payment of dividend

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

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

As of June 30, 2023, 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 June 30, 2023 that have not been reflected in the financial statements for the six (6)-month period covered January to June 30, 2023.

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, 2022.

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 6-month period ending June 30, 2023.

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

Schedule A – Financial Assets (Financial Assets at Amortized Cost)

As of June 30, 2023
(Amounts in Philippine Pesos)

Description of Each Issue	Amount Shown in the Statement of Financial Position	Income Received and Accrued
Cash	36,990,189	13,517
Receivables	23,795,177	
Total	60,785,366	13,517

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

As of June 30, 2023

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.	104,501	1,960	-	106,461	-	106,461
Extraordinary Dev. Corp	172,564	-	-	172,564	-	172,564
Total	277,065	1,960	-	279,025	-	279,025

Schedule C – Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

The Company has no Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements. Thus, the schedule is omitted.

Schedule D – Long-term Debt

The Company has no Long-term Debt. Thus, the schedule is omitted.

Schedule E – Indebtedness to Related Parties (Long-term Loans from Related Companies)

The Company has no Indebtedness to Related Parties (Long-term Loans from Related Companies). Thus, the schedule is omitted.

Schedule F – 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 June 30, 2023

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.

Summary of Financial Soundness Indicators

As of June 30, 2023 and December 31, 2022

KPI	Formula	06/30/2023	12/31/2022
Liquidity:			
Current Ratio	Current Assets/Current Liability	3.54 : 1	2.96 : 1
Solvency:			
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.38 : 1	0.49 : 1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	1.38 : 1	1.49 : 1
Interest-rate-coverage:			
*Interest-rate-coverage ratio	Profit Before Tax/Finance Costs	n/a	n/a
Profitability:			
Return-on-investment	Net Income/Average Capital Stock	-0.46%	0.00%

*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 78.88 as of June 30, 2023, 8.36% lower than the December 31, 2022 figure of P 86.08M. There was a decrease on the total assets of the company due to the decrease in trade receivables and in the prepayments and other current asset accounts.

Property and Equipment

Property and equipment as of December 31, 2022 were fully depreciated. The Company employs subcontractors that can provide the necessary equipment.

Total Liabilities

The Company's total liabilities as of June 30, 2023, amounted to P 21.58M, a 23.69% decrease as compared to the December 31, 2022 balance of P 28.27M. The decrease was primarily brought by the decrease in advances from customers and in the trade and other payable accounts.

Liquidity

The Company posted a current ratio of 3.54:1 as of June 30, 2023, higher than the 2.96:1 current ratio as of December 31, 2022. The increase can be attributed to the decrease in advances from customer account. Likewise, the trade and other payable receivable accounts also decreased.

Leverage

Debt-to-equity ratio as of June 30, 2023, was determined to be 0.38:1 lower than the 0.49:1 ratio as of December 31, 2022. The decrease was brought about by the decrease in the advances from customers and the trade and other payable accounts. Likewise, the equity account decreased due to the net loss incurred during the period.

Results of Operation

Revenues

Revenues from contracts for 2023Q2 amounted to P 5.71M, 25.69% lower than the P 7.68M in 2022Q2. The decrease can be attributed to the lower work accomplishment made in 2023Q2 than in 2022Q2. Contract revenues for the 2023Q2 were generated from the Housing Development projects in Tierra Verde Residences Phase 5 located in Carmona, Cavite.

Gross Profit

Gross profit from construction contracts decreased by 33.94% from P 1.52M in 2022Q2 to P1.00M in 2023Q2. On the other hand, gross profit ratio decreased from 19.74% to 17.55%. With the lower revenue generated in 2023Q2, the gross profit is lower in 2023Q2 than in 2022Q2.

Cost and Expenses

Costs and expenses for 2023Q2 amounted to P 5.65M, 17% lower than the P 6.84M in 2022Q2. Cost of services decreased by 23.67% from P 6.17M in 2022Q2 to P 4.71M in 2023Q2. The decrease was primarily brought about by the decrease in revenue generated in 2023Q2 since most of these costs are variable in nature.

For the total operating expenses, 2023Q2 amounted to 0.94M, 40% higher than the 2022Q2 of 0.67M. The increase was primarily brought about by the increase in taxes and licenses and other administrative expenses for the given quarter in 2023.

Operating Profit (Loss)

As a result of the foregoing, operating profit (loss) in 2023Q2 amounted to P0.06M from P 0.84M in 2022Q2. The decrease in operating profit (loss) can be attributed to the lower revenue generated by the Company in 2023Q2. Likewise, a higher cost and administrative expenses incurred by the Company in 2023Q2 as discussed under cost and expenses section above.

Other Income / Charges

No financing costs incurred in 2023Q2 and in 2022Q2 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 generated and higher costs and administrative expenses incurred this 2023Q2, net income (loss) decreased from P0.74M in 2022Q2 to P0.06M in 2023Q2. Finally, this translated into lower earnings (loss) per share of P0.0006 in 2023Q2 from P0.0067 in 2022Q2.

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 2023Q2, the Company posted an ROI of 0.06% compared to the 2022Q2 ROI of 0.67%. The decrease in ROI can be attributed to the lower revenue generated and the higher costs and administrative expenses incurred in 2023Q2 as compared to 2022Q2.

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 2022Q2 and 2023Q2, 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 June 30, 2023 was computed at 3.54:1 higher than the 2.96:1 ratio at the beginning of the year. The increase can be attributed to the decrease in advances from customers and the trade and payable accounts in 2023Q2. Likewise, the trade and other receivable accounts also decreased.

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 June 30, 2023 was determined to be 0.38:1 lower than the 0.49:1 as of December 31, 2022. The decrease was brought about by the decrease in advances from customers and the trade and other payables accounts.

Return on Assets Ratio (ROA)

The ROA is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings and is calculated by dividing the Company's net profit by its average assets.

For 2023Q2, the Company posted an ROA of 0.08% compared to the 2022Q2 ROA of 0.91%. The decrease in ROA can be attributed to lower revenue generated in 2023Q2 as compared to the 2022Q2.

Business Plans and Future Prospects:

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 past years.

As a matter of corporate strategy, the Company has positioned itself and will continue 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. Its primary markets are the real estate developers in the Philippines and has no plans of getting into the international market.

For the 2nd quarter of 2023, the Company has subsisting contracts as follows:

PROJECT DESCRIPTION	LOCATION	AMOUNT
Terraverde Res - Phase 5 Housing	Carmona, Cavite	18,000,000
Terraverde Res - Phase 5 Land Development	Carmona, Cavite	-
Total		18,000,000

The company will continue to improve its modern construction methodologies and will continue to offer its services at the lowest amount with the required quality of service to its clients.

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 2nd quarter of the year 2023, 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
	06/30/2023	12/31/2022	Amount	%	
Cash & cash equivalents	36,990,189	32,806,653	4,183,536	13%	Increase was due to high collection efficiency for the current year
Trade and other receivables	23,795,177	33,017,593	(9,222,416)	-28%	Decrease was due to the decrease in trade receivables for the construction services rendered as collections thereof were made.
Prepayments and other current assets	15,287,241	17,447,423	(2,160,182)	-12%	Decrease was due to the decrease in the advances to suppliers and subcontracts and in the prepayments accounts.
Total Assets	78,883,873	86,082,935	(7,199,062)	-8%	Decrease was due to the decrease in the Trade Receivables and in the Prepayments accounts.
Trade and other payable	21,339,129	28,037,402	(6,698,273)	-24%	Decrease was due to the decrease in the advances from customers and the retention fees accounts.
Total Liabilities	21,576,555	28,274,828	(6,698,273)	-24%	Decrease was due to the decrease in the advances from customers and in the retention fees accounts.
Total Liabilities and equity	78,883,873	86,082,935	(7,199,062)	-8%	Decrease was due to the decrease in the advances from customers and in the retention fees accounts. Moreover, retained earnings account also decreased.

Income Statement Items:

Account Title	For the Quarter Ending		Inc/(Dec)		Remarks
	06/30/2023	06/30/2022	Amount	%	
Revenues	5,708,545	7,682,425	(1,973,880)	-26%	Decrease was due to lower accomplishment for the given quarter in 2020Q3 due to the lower awarded contracts in 2023.
Contract Cost	4,706,464	6,165,557	(1,459,092)	-24%	Decrease was due to the lower construction activities as discussed in the Revenue section above. This is variable in nature.
Gross Profit	1,002,081	1,516,868	(514,787)	-34%	Decrease was due to the lower revenues generated in 2023Q2 as described above.
Administrative expenses	738,564	523,553	215,011	41%	Increase was due to the increase in the taxes and licenses and the professional fees accounts for the given quarter in 2023.
Other operating expenses	206,377	149,088	57,289	38%	The increase was due to higher repair cost and miscellaneous expenses incurred for the given quarter in 2023 that in the previous year of the same quarter..
Total Operating expenses	944,941	672,641	272,300	40%	Increase was due to the increase in the taxes and licenses, professional fees and the miscellaneous expenses for the given quarter in 2023.
Other gains - net	6,976	5,865	1,111	19%	This pertains to interest earned for the given quarters
Income Before Tax	64,116	850,092	(785,976)	-92%	Decrease was due to lower revenue generated in 2023Q2 than in 2022Q2
Tax Expense	-	114,869	(114,869)	-	Decrease was due to lower income generated for the given quarter in 2023 than in 2022 of the same quarter
Net Income	64,116	735,223	(671,107)	-91%	Decrease was due to the lower revenue generated in 2023Q2 than in 2022Q2 as discussed in the revenue section above.

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

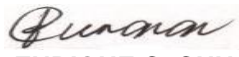
SIGNATURES

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

DateAugust 12, 2023