



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that there will be an annual meeting of stockholders of Supercity Realty Development Corporation (SRDC) on **Wednesday, 25 June 2014, 3 o'clock in the afternoon** at the **Roof Deck (Function Room No. 3) of the Prestige Tower located along Ortigas Jr. Road in Ortigas Center, Pasig City.** . 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 2013 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of Punongbayan & Araullo as External Auditors
9. Other Matters
10. Adjournment

In accordance with the rules of the Philippine Stock Exchange (PSE), the close of business on **31 May 2014** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

The time of registration for those who are personally attending the meeting will be announced shortly as soon as the physical arrangements have been finalized. All stockholders who will not, are unable, or do not expect to attend the meeting in person are requested to fill out, date, sign and send a proxy to the Corporation at Unit 1223 City & Land Mega Plaza, ADB Ave. Corner Garnet Rd. Ortigas Center, Pasig City, Metro Manila, Philippines. All proxies should be received by the Corporation **at least two (2) days** before the meeting, or on or before **23 June 2014**. Proxies submitted shall be validated by a Committee of Inspectors on **25 June 2014** at 9:00 o'clock in the morning at Unit 1223 City & Land Mega Plaza, ADB Ave. Corner Garnet Rd. Ortigas Center, Pasig City. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

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

City of Pasig, Metro Manila, 29 May 2014.

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)

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

(Company Address)

638-7779

(Telephone Number)

December 31

(Calendar Year Ending – Month & Day)

SEC Form 20-IS (Definitive)

(Form Type)

Amendment Designation (If Applicable)

**For Annual Stockholders' Meeting
dated June 25, 2014**

Period Ended Date

(Secondary License Type and File Number)

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

Yes No

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

PHILIPPINE STOCK EXCHANGE COMMON STOCK

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders

- (a) The Annual Stockholders' Meeting of Supercity Realty Development Corporation (the "Company" or "SRDC") will be held on Wednesday, June 25, 2014. on Wednesday, 25 June 2014. 3 o'clock in the afternoon at the Roof Deck (Function Room No. 3) of the Prestige Tower located along Ortigas Jr. Road in Ortigas Center, Pasig City.
The Company's office and mailing address is at Unit 1223 City & Land Mega Plaza, ADB Ave. Corner Garnet Rd. Ortigas Center, Pasig City.
- (b) The approximate date on which information statement shall be sent or given to security holders is on **June 03, 2014**.

Dissenters' Right of Appraisal

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

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

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

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

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

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

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

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

- (a) As of May 16, 2014, the Company had 110,000,000 common shares outstanding and each share is entitled to one vote.
- (b) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is May 31, 2014.
- (c) With respect to the election of seven (7) directors, each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).
- (d) Security ownership of certain record and beneficial owners and management

Security Ownership of Certain Record and Beneficial Owners

As of April 30, 2014, the following own of record or beneficially, approximately the following number of shares representing more than 5% of the Company's issued and outstanding capital stock:

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

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

Security Ownership of Management

As of April 30, 2014, the following Directors and key officers owned, of record or beneficially, approximately the following number of shares of the Company's issued and outstanding capital stock:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership		Citizenship	%
Common	Ferdinand Soliman	7,150,000	Direct	Filipino	6.50
Common	Mylene Lim	10,850,000	Direct	Filipino	9.86
Common	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	Maila Paredes	3,000	Direct	Filipino	Nil
Common	Jean Cestina	2,000	Direct	Filipino	Nil
Common	All directors and executive officers as a group	21,035,000			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.

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

Directors and Executive Officers

Directors and Executive Officers

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

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

Board of Directors

The following are the incumbent members of the Board of Directors who are also nominated herein for election/re-election as members of the Board of Directors for 2014 – 2015:

Ferdinand Z. Soliman, 50, Chairman and President. Mr. Soliman is a Filipino citizen, and is a member of the board and has been its Corporate Secretary since the Company's incorporation. He became Managing Director in January 2002. In addition, he became a member of the Nomination Committee and of the Compensation and Remuneration Committee on May 12, 2004 and June 30, 2004, respectively. Mr. Soliman graduated from the Holy Angel University in 1985 with a Bachelor of Science degree in Civil Engineering. He also completed the Applied Business Economics Program from the University of Asia and the Pacific in 2002. He is a director of GPS Measurement. He was formerly affiliated with GP Construction & Development Corporation as CE Aide (1983 to 1984); Torre Planning & Design as Surveyor (1984 to 1985); Nico Construction as Project Engineer (1986 to 1988); White House Development Corporation as Section Head (1988 to 1993); Extraordinary Development Corporation as Project Manager (1994 to 1997); and Earth + Style Corporation as Department Head (1998 to 2001). He handles the Operations group of the Company.

Emelita M. Mangosing, 50, 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.

Mylene T. Lim, 49, *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, 39, *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, 49, *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 15 years of experience in project management gained from the private construction and real estate companies. He graduated from the Technological Institute of the Philippines in 1989 with a Bachelor of Science degree in Civil Engineering. He had attended Executive Training Program and various seminars on leadership, accounting, computer, and other technical seminars from various institutions

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

Independent Directors

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.

Ms. Liza S. Niedo, 43, *Independent Director.* Ms. Niedo is a Filipino citizen. She graduated from Polytechnic University of the Philippines in April 1990 with a Degree of Bachelor in Accountancy. She took up post graduate studies and completed her Masters in Business Administration at Jose Rizal University in April 2010. She gained her 20 years of experience in the accounting profession through her work in various companies such as Prosperity Builders Resources Inc. as Finance Head, First Advance Development Corporation as IT-Consultant, and Extraordinary Development Corporation. She currently works as Treasury Head in Extraordinary Development Corporation, a real estate company.

Engr. Roseller C. Anacito, 49, *Independent Director.* Engr. Anacito is a Filipino citizen. He graduated from University of Nueva Caceres in October 1986. He gained his 25 years of experience in project management from the private construction and real estate companies such as Extraordinary Development Corporation and City and Life Property Inc as Project Manager. He also served the company as Project Manager in year 2002 to 2008. He is currently working as Head of the

Construction Management Department at First Advance Development Corporation, a real estate company.

Ms. Liza Nieto and Engr. Roseller Anacito 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 Ms. Ana Tensuan as members, in a meeting held on May 7, 2014, indorsed the respective nominations in favor of Ms. Liza Nieto (by Mr. Ferdinand Soliman) and Engr. Roseller Anacito (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 Liza S. Nieto and Roseller C. Anancito, respectively.

Principal Officers

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

Ferdinand Z. Soliman, 50, General Manager-Operations, Filipino, heads the Operations Unit. Mr. Soliman is a Filipino citizen, and is a member of the board and has been its Corporate Secretary since the Company's incorporation. He became Managing Director in January 2002. In addition, he became a member of the Nomination Committee and of the Compensation and Remuneration Committee on May 12, 2004 and June 30, 2004, respectively. Mr. Soliman graduated from the Holy Angel University in 1985 with a Bachelor of Science degree in Civil Engineering. He also completed the Applied Business Economics Program from the University of Asia and the Pacific in 2002. He is a director of GPS Measurement. He was formerly affiliated with GP Construction & Development Corporation as CE Aide (1983 to 1984); Torre Planning & Design as Surveyor (1984 to 1985); Nico Construction as Project Engineer (1986 to 1988); White House Development Corporation as Section Head (1988 to 1993); Extraordinary Development Corporation as Project Manager (1994 to 1997); and Earth + Style Corporation as Department Head (1998 to 2001). He handles the Operations group of the Company.

Mylene T. Lim, 49, Managing Director and Principal Financial Officer. Ms. Lim is a Filipino citizen, and is a member of the board since the Company's incorporation and became Managing Director in January 2002 and Assistant Corporate Secretary during the June 30, 2004 Organizational Meeting of the Board of Directors. Currently, she is also the elected Treasurer of the Company. She graduated from the University of Mindanao in 1985 with a Bachelor of Science degree in Architecture. She completed her Masters in Business Administration at the Ateneo Graduate School in 2001. She was formerly affiliated with Extraordinary Development Corporation as Section Head – Purchasing Dept. (1987 to 1990), Department Head – Purchasing Dept. (1990 to 1998), Administrative and R&D Head – Construction Group (1998 to 2000), and AVP – Central Purchasing (2000 to 2001). She is in charge of the Finance and Administration group of the Company.

Fernando Mamuyac, 49, 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, 45, Acting Deputy General Manager – Finance and Administration, Filipino, heads the Finance Department. Mr. Cunanan has been with the Company since the start of its

operation. He graduated from the Pampanga College in 1989 with a Bachelor of Science degree in Commerce and earned units in Masters of Science in Information Technology at the Ateneo Graduate School. He also had several training conducted by the Philippine Institute of Certified Public Accountants. He has been an Accountant since 1991 in several construction firms. He is the Company's Compliance Officer to the Securities and Exchange Commission (SEC) and Corporate Information Officer (CIO) to the PSE.

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings

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

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

- any bankruptcy petition filed by or against any business of which the incumbent Directors or senior management of the Company was a general partner or executive officer, either at the time of the bankruptcy or within two (5) years prior to that time;
- any conviction by final judgment in a criminal proceeding, domestic or foreign, pending against any of the incumbent Directors or senior management of the Company;
- any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the incumbent Directors or senior management of the Company in any type of business, securities, commodities or banking activities; and
- any finding by domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or said regulatory organization, that any of the incumbent Directors or senior management of the Company has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Certain Relationships and Related Transactions

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

Related Party Category	Amount of Transactions		Outstanding Balance	
	2,013	2012	2,013	2012
Related Parties under Common Ownership:				
Construction Services:				
Verdantpoint Dev. Corp	5,592,349	36,507,868	80,204,101	73,884,439
Synchrodestiny Land, Inc.	500,000		500,000	

Total	6,092,349	36,507,868	80,704,101	73,884,439
Advances from Related Parties				
City and Life Property, Inc.		2,000,000	3,883,858	3,883,858
Prosperity Builders		2,072,001	3,406,193	3,406,193
SHBI	20,000	1,000,000	1,437,505	1,417,505
Total	20,000	5,072,001	8,727,556	8,707,556
Key Management Personnel:				
Compensation	816,510	865,953	590,804	545,070

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

Total advances to related parties are presented as Advances to Related Parties under Receivables in the statement of financial position.

Disagreement with Directors

No director has resigned or declined to stand for re-election to the board of directors since June 26, 2013, 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 2012, 2013 and 2014 (estimate only).

Summary Compensation Table:

Name and Principal Position	Year	Salary (P)	Bonus (P)
Enrique Cunanan, ADGM-Finance/Admin Engr. Fernando Mamuyac, ADGM-Operations Engr. Emelita Mangosing, PMU-Head Arch. Mylene Lim, Controller Engr. Ferdinand Soliman, CEO	2012 (actual)	865,953	Nil
	2013 (actual)	804,304	Nil
	2014 (estimate)	900,000	Nil
All Directors and Officers as a Group Unnamed	2012 (actual)	865,953	Nil
	2013 (actual)	804,304	Nil
	2014 (estimate)	900,000	Nil

Compensation of Directors

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

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

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

Warrants and Options Outstanding

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

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 Sigue-Bisnar. Starting the year 2011 the account has been assigned to Mr. Christopher M. Ferarez. Representatives of P&A are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

The current handling partner of Punongbayan & Araullo has been engaged by the Company for the fiscal year 2013 and is expected to be rotated every five (5) years.

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

External Audit Fees and Services

	2013	2012
Audit and Audit-Related Fees	360,000	360,000
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, 2013 is

attached hereto as **Annex “B”**.

b. Interim Financial Statements

A copy of Company’s Interim Financial Statements for the quarter ended March 31, 2014 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 June 26, 2013 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, 2013; 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, 2013;
- 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 June 26, 2013:

Date/Type of Meeting	Resolutions/Matters Approved
June 26, 2013/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: Ana Tensuan, Ferdinand Soliman and Mylene Lim
	d) Appointment of members of the Nomination Committee: Mylene Lim, Ferdinand Soliman and Ana Tensuan
July 23, 2013/Board of Directors' Meeting	Confirmation of the Second Quarter Financial Reports for the quarter ended June 30, 2013
Oct. 24, 2013/Board of Directors' Meeting	Confirmation of the Third Quarter Financial Reports for the quarter ended September 30, 2013 Initial presentation of Annual Budget for 2013
Dec. 11, 2013/Board of Directors' Meeting	Confirmation of 2014 annual budget
April 10, 2014/Board of Directors' Meeting	Authorize Ferdinand Soliman to issue the 2013 financial statements

May 7, 2014/Board of Directors' Meeting	Setting May 31, 2014 as the Record Date for the Annual Meeting Setting June 25, 2014 as the Annual Stockholders' Meeting Endorsement of independent directors
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Matters Not Required to be Submitted

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

Other Proposed Action

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

Management reports which summarize the acts of management for the year 201, are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereof.

Voting Procedures

1. Votes required

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

2. Method of counting

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

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

PART II

Identification

The enclosed proxy is solicited by the Registrant for use in voting at the annual stockholders' meeting. The Chairman of the Board of Directors or, in his absence, the designated Chairman in the Meeting will vote the proxies at the annual stockholders' meeting on Wednesday, June 25, 2014.

The information statement and this proxy shall be sent through mail starting June 3, 2014. Duly executed proxies may be returned either by mail, fax or by hand at the company's mailing address. Proxies must be received on or before June 23, 2014 5:00 pm.

Instructions

This proxy must be dully accomplished by the stockholder of record as of May 31, 2014, the Record Date. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the corporate secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a corporate secretary's certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy.

Duly accomplished proxies shall be submitted to the Corporate Secretary of the Company not later than Monday, June 25, 2014 at the following address:

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

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

The last day of the validation of proxies will be the day before the date of the annual stockholders' meeting. The validation shall be done by the Corporate Secretary and/or the Company's Stock Transfer Agent at the Company's registered office address. As part of the validation process, the proxy statement should have a valid control number which will be used to verify the authenticity of the proxy form, it must be properly dated, executed, signed and returned by the stockholder thru mail, fax or by hand at the Company's mailing address. Proxies must be received on or before June 23, 2014 5:00 pm. Furthermore, the manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20(11)(b).

Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the Chairman of the Board of Directors, or in his absence, the designated Chairman of the meeting, as his proxy in the annual stockholders' meeting to be held on June 25, 2014.

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 P12,000. The cost of solicitation will be for the account of the Registrant. Incidental solicitation in person or by telephone may also be made by directors, officers and employees of the Registrant for which they will receive no additional compensation.

Interest of Certain Persons in Matters to be Acted Upon

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

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

Control No: 001

SUPERCITY REALTY DEVELOPMENT CORPORATION

STOCKHOLDER PROXY

The undersigned hereby appoints the Chairman of the Board or in his absence, the Chairman of the Meeting, with full power of substitution and delegation, as the proxy of the undersigned, to represent and vote all of the common shares of stock of the undersigned at the Annual Stockholders' Meeting of the Company to be held on **June 25 2014 (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>Roseller Anacito*</u> |
| 2. <u>Emelita Mangosing</u> | 5. <u>Noric Terence Ng</u> | 8. _____ |
| 3. <u>Mylene Lim</u> | 6. <u>Lisa Nieto*</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 JUNE 24, 2013, THE DEADLINE FOR SUBMISSION OF PROXIES.

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

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

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

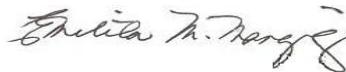
PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 29 May 2014.

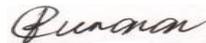
SUPERCITY REALTY DEVELOPMENT CORPORATION

Issuer



ENGR. EMELITA MANGOSING

Corporate Secretary



MR. ENRIQUE CUNANAN

Compliance-Information-Officer

May 29, 2014

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Company Background

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

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

History

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

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

Corporate Objectives

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

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

Vision-Mission

Mission Statement

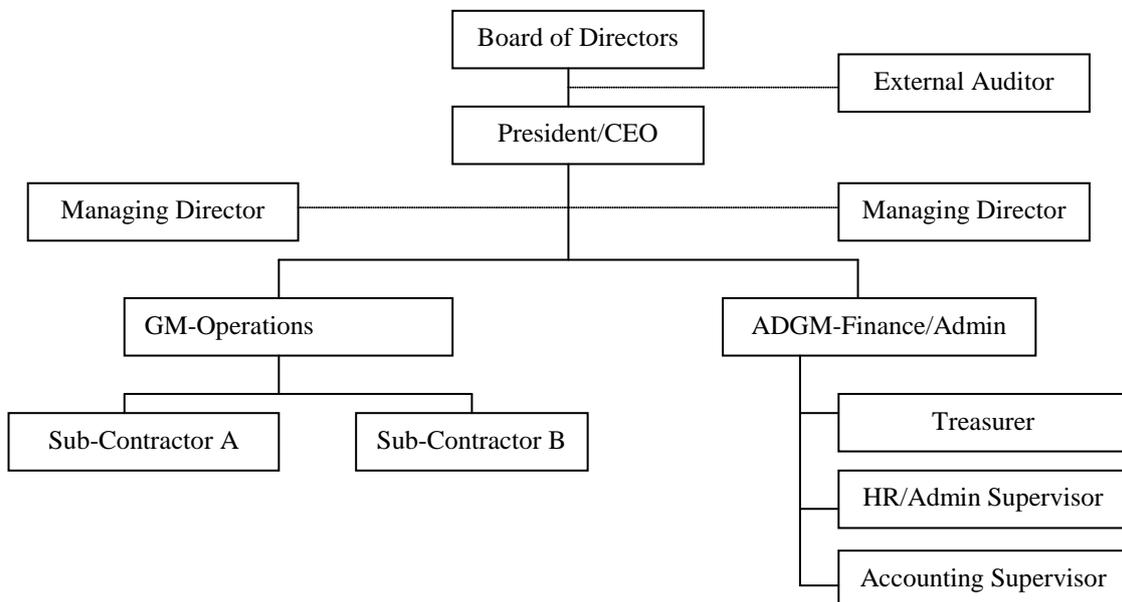
We are a leading construction company engaged in mass housing business providing total customer satisfaction using innovative and cost effective technology with the timely delivery of quality products and services.

Vision Statement

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

Organizational Structure

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



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

A. Operations Group

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

B. Finance and Administration Group

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

Senior Management

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

Ad Hoc Committees

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

Operations

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

A. Contract Bidding and Signing

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

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

B. Project Implementation

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

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

1. Presentation and approval of implementation plan
2. Purchase of construction materials required
3. Engagement of the services of the accredited subcontractors (evaluation of subcontractors is done in advance)
4. Implementation based on plans and specifications
5. Conduct of ocular inspection to ensure quality and timely delivery of the project

6. Turnover of the project to the client upon completion

C. Collections

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

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

The major steps in collections are as follows:

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

D. Accreditation of Subcontractors

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

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

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

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

Products and Services

A list of the products and services offered by the Company is presented as follows:

1. Construction of Houses

- 18-square meter Row House – CHB-load bearing
- 20-square meter Row House – CHB-load bearing
- 20-square meter Row House with Roofdeck – using steel wall form system
- 25-square meter Single-Attached/Single-Detached – using ordinary CHB
- 25-square meter Single-Attached/Single-Detached with Roofdeck – using steel wall forms
- Medium-scale and upscale houses
- 3-storey condominium

2. Land Development

- Earthworks
- Road concreting

- Waterline distribution system
- Box culverts
- Sewerline system
- Drainage system
- Perimeter fences

3. Specialty Works

- Elevated water tank
- Deep well
- Clubhouse
- Swimming pool
- Basketball court
- Entrance gate
- Guard house
- Parking lot

In addition to construction services, the Company provides facilitation services included as part of the contract for its end clients. These services include;

- Obtaining building permits composed of sanitary, plumbing, electrical, and occupancy permits,
- Obtaining water and fencing permits,
- Energizing a subdivision project's main power line,
- Arranging for individual meter and service deposit receipts for housing units

The contribution of the Company's various products and services to total revenues for the year 2013 are presented in the chart below.

Services	Amount	%
Land Development	6,092,349	100%
Specialty/Miscellaneous Works	-	-
Total	6,092,349	100%

Markets

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

Distribution Methods of Products and Services

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

Competition

The Company is a construction services company that competes in the Philippines' construction industry. It primarily competes with independent construction firms that serve real estate developers involved in horizontal property development in the mass-housing, low-cost, medium- and upper-scale subdivision and home development categories. The Company also competes with other firms that operate in the CALABARZON areas. The major competitors of the Company include: (a), CMO

Construction (b), ARRCEA Construction (c) RMT Construction, (d) Annex Builders, (e) WFC Construction, (f) KEEJANG Builders and (g) Mile-Hi Construction. These competitors are similar to the Company in terms of their primary market and capabilities. The Company believes that it can effectively compete with other companies in its area of competition because it uses modern construction technology, like the steel wall form system and T-joist system, for mass housing production. This allows for faster construction time, higher durability and lower overhead cost. Also, the Company has a pool of more than twenty (15) accredited subcontractors for housing, land development, and specialty works. Finally, the Company has good working relationships with its existing major clients that are major real estate developers in the Philippines. Recently, price has been the prevailing criteria of the developers in selecting their contractors. With this, the Company will offer its services at the lowest amount with the required quality of service though it expects a stiff competition among its competitors.

Sources of Materials and Supplies

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

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

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

Major Clients

It has been the thrust of the Company to be a business partner of Real Estate Developers and as such it concentrates on serving the needs of its major clients namely: Extraordinary Development Corporation, Acerhomes Development Corporation, Earth+Style Corporation, One Asia Development Corporation, Kaiser Realty Development Corporation, Earth Aspire Corporation, Earth Prosper Corporation, and Verdantpoint Development Corporation. These are the eight (8) major clients which account for the majority of the Company's revenues.

For the year 2013, the Company has outstanding contracts as follows:

PROJECT NAME	LOCATION	AMOUNT
Eastwood Residences Phase 7	Montalban, Rizal	41,852,679
Total		41,852,679

Related Party Transactions

Please refer to Part III Item 12 of this report.

Subsidiaries and Affiliates

The Company does not have any subsidiaries or affiliates as of the date of filing.

Government Approvals

Under the Contractor's License Law (Republic Act No. 4566, as amended by Presidential Decree No. 1746), all construction companies intending to undertake construction activity in the Philippines must secure a contractor's accreditation from the Construction Industry Authority of the Philippines (CIAP). The Company filed an application for accreditation with the CIAP on October 27, 2003. License No. 31229, which was issued on January 30, 2004.

Applicable Laws and Regulations

Other than the regular business regulations common to all businesses, the Company is not aware of any existing or governmental regulations which could directly affect its business operations. Most of the regulations are imposed upon the developers, not on the construction companies.

Moreover, the Company is not aware of any environmental laws which will directly affect its business operations. The development and environmental permits issued by the DENR are generally required of developers of residential subdivisions and not of construction companies.

Research and Development

The Company does not engage third parties in its research and development activities. Such activities are conducted by the Company's in-house technical staff and officers. Thus, the amount spent in research and development activities is not substantial.

Manpower Complement

The manpower complement of the Company can be classified into employees and subcontractors.

A. Employees

As at December 31, 2013, 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) JEP Construction and Manpower Services, (b) R.Q. Bandis Construction, (c) A.B. Canlas Builders, (d) Equilibrium Engineering, (e) Modern Innovation Construction, (f) TJTJ Construction and Supplies, (g) J.C. Rodriguez Construction Corp., (h) CSE Builders, (i) E. Bolivar Construction, (j) Gazam Trading, (k) W.C. Fuerte Construction, (l) Red Carmel Construction, (m) MMJF Builders and Trading, (n) F.T. Ortiz Builders, Inc., (o) Starclink Builders, (p) Val-dap Construction and (q) Arcea Builders.

Technology

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

A. Steel Wall Form System and T-joist System

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

The steel wall form system combined with T-joist system has several advantages over the conventional CHB system in terms of construction time, cost, durability, aesthetic finish and overhead cost. The technology is designed for quick and easy assembly of housing units. It also utilizes relatively less manpower to construct a house skeleton in around eight (8) hours. This cuts down on

labor and materials expenses for low-cost and/or socialized housing intended for mass production. The systems also allow the Company to undertake land development and housing construction at the same time, thereby cutting down construction time. However, with the plan to go into real estate business, the Company has sold majority of its construction equipment and tools.

B. MegaSystem

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

The following modules of the software are fully integrated:

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

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

Assessment and Management of Risk

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

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

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

Another risk that the Company is exposed to is its contractual arrangements with independent subcontractors. Any event that will adversely affect the ability of the subcontractors to meet the Company's performance standards could also affect the Company's operations. To counter this, the Company maintains and adheres to an accreditation process for its subcontractors to minimize the risk of the latter's inability to meet quality and cost standards of the Company. Also included in the accreditation process is the requirement for the subcontractor to post a bond. This would reduce the risk of the subcontractor not to finish a project and would lessen the financial impact on the Company should the subcontractor fail to finish the project. Moreover, there is the risk that the subcontractor can become a competitor. To avoid this, the contracts between the Company and the subcontractors included a provision which states that while the subcontractors have existing contracts with the Company, they cannot engage their services directly with the developers. Should they do so, even after the contracts between the Company and the subcontractors have been served, the subcontractor will be taken out of the list of accredited subcontractors.

The price volatility of construction materials and natural calamities are risks inherent in the construction business. At present, the Company enters into relatively short-term construction contracts (about 3 – 6 months only) and practices hedging techniques to lock in prices when the prices are low. Also, since the contracts are short-term, the risk of loss that natural calamities may bring about is lessened. For service companies like the Company, the longer the contract, the higher the chances of loss since a long-term contract would be subject to more uncontrollable events which could

continue to incur costs for the same contract revenue. With short-term contracts, there is early realization of revenue.

Item 2. Properties

The principal office of the Company is located at Unit 1223 City and Land Mega Plaza, ADB Ave. Corner Garnet Road, Ortigas Center, Pasig City. The Company currently **leases** the 30 square meter office space from Anchor Collection Service, Inc. for a monthly rental of **₱13,000.00**. The lease is for a term of 6 months, or until May 15, 2014, renewable under such terms and conditions agreed upon by both parties.

The Company purchased a 21,668 square meter property worth ₱1,800.00 per square meter in March 2002 with TCT No. T-330670. The property is in a commercial/residential zone located in Bacoor, Cavite. The tax clearance certificate, having been issued by the BIR, the transfer certificate of title was issued under TCT No. 1019508 by the Register of Deeds of Cavite. Title to the property reveals no liens or encumbrances. However, this property is sold in the year 2009.

SRDC also uses container vans measuring 2.4 meters x 2.4 meters. x 6.0 meters to serve as field offices, which can be moved to different locations and can accommodate up to four (4) office tables per van. The Company also utilizes collapsible barracks and stockyards to house the subcontractors' workers, and construction supplies and materials while on the project site.

The Company uses steel panel forms for its major housing construction needs. These wall forms/molds are used instead of plywood for the construction of row houses. It is estimated that these forms may be used for about 100 times. A portable tower light is being used by the Company to provide lighting in areas where electricity is not available.

The Company leases other major construction and land development equipment such as cement mixers, and the like, on a project-to-project basis.

With the plan to re-focus into real estate business, the Company had sold majority of its construction equipments and tools in the year 2008. Moreover, the Company has no plan to acquire additional properties in the next twelve (12) months.

Item 3. Legal Proceedings

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

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

Not applicable

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's common equity is traded in the Philippine Stock Exchange (PSE). The shares of stock of the Company were initially traded on December 19, 2003. Following are the high and low sales prices for each quarter since December 31, 2008:

Quarter	High	Low
Jan – March 2010	0.80	0.80
Apr – June 2010	0.80	0.80
July – Sept 2010	0.80	0.80
Oct – Dec 2010	0.80	0.80
Jan – March 2011	0.80	0.80
Apr – June 2011	0.80	0.80
July – Sept 2011	0.80	0.80
Oct – Dec 2011	0.80	0.80
Jan – March 2012	0.80	0.80
Apr – June 2012	0.80	0.80
July – Sept 2012	0.80	0.80
Oct – Dec 2012	0.80	0.80
Jan - March 2013	0.80	0.80
Apr – June 2013	0.80	0.80
July – Sept 2013	0.80	0.80
Oct – Dec 2013	0.80	0.80
Jan – March 2014	0.80	0.80
Last practicable trading date May 23, 2014	0.80	0.80

Holdings

There are three hundred sixty four (364) total stockholders and the top twenty (20) stockholders of the Company's issued and outstanding shares as of April 30, 2014 are as follows:

	Name	Shares	%
1.	Wilfredo Uy	18,000,000	16.36
2.	Mylene Lim	10,850,000	9.86
3.	Nimfa Leonco	10,850,000	9.86
4.	Arthur Lim	7,150,000	6.50
5.	Ferdinand Soliman	7,150,000	6.50
6.	Robert Yulo	5,000,000	4.55
7.	Anneli Ting	5,000,000	4.55
8.	Mario Vicente Sy	5,000,000	4.55
9.	Misael Adelaida Soliman	5,000,000	4.55
10.	Mariano Mison	5,000,000	4.55
11.	Victor Manarang	5,000,000	4.55
12.	Marie Tes Lee	5,000,000	4.55
13.	Abraham Go	5,000,000	4.55
14.	Arnold Acero	5,000,000	4.55
15.	Noric Ng	3,000,000	2.73
16.	Neskie Ng	2,999,999	2.73
17.	PCD Nominee Corporation	1,510,000	1.37
18.	Aileen Gabrentina	20,000	0.02

19. Divinagracia Ayento	20,000	0.02
20. Dexter Aviles	20,000	0.02

Dividends

For the last two most recent fiscal years, the Company has not declared any cash dividends on its common equity. Future dividends will depend on the income, cashflow and financial condition of the Company particularly on the unrestricted retained earnings.

Recent Sales of Unregistered Securities

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

Item 6. Management's Discussion and Analysis

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

For The Years Ended December 31, 2013 and 2012

Financial Highlights:

<i>Amounts are in thousand pesos except per share figures</i>		
Key Operating and Financial Indicators	Audited Figures	
	2013	2012
Income Statement Data		
Revenues	6,092	36,508
Cost and Expenses	46,600	47,577
Income/(loss) From Operations	(40,508)	(7,069)
Net/(loss) Income	(40,497)	(7,150)
Balance Sheet Data		
Current Assets	37,486	68,187
Property and Equipment	59	53
Held-to-maturity Investment	-	-
Total Assets	37,545	68,240
Total Liabilities	32,630	22,828
Stockholders' Equity	4,915	45,412
Per Share Data		
Earnings (Loss) per Share*	(0.368)	(0.064)
Book Value per Share**	0.044	0.41

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

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

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

The Company, also under PFRS, recognized its obligation under post-employment defined benefit plan computed by an actuary determined using the projected unit credit method. The adoption of the related new standard resulted in the recognition of transitional liability amounting to P 965,022 as of January 1, 2004. This transitional liability was fully recognized retrospectively in the Company's opening PFRS balance sheet. This also resulted in the recognition of additional defined benefit expense in 2004 amounting to P 394,908. Correspondingly, the deferred tax expense recognized by

the Company due to the temporary differences arising from full recognition of defined benefit obligation amounted to P 435,178 in December 2004 and P 308,807 in January 2004. As of December 31, 2011, the defined benefit obligation recognized in the books amounted to P486,138 as compared to the P452,899 balance as of December 31, 2010. The increase is due to the accrual of obligation pertaining to the year 2011. As of December 31, 2012 and 2013 this account amounted to P545,070 and P594,839, respectively, reported under non-current liability.

For the year 2013, the following projects were accomplished by the Company:

PROJECT NAME	LOCATION	AMOUNT
Eastwood Phase 7 Land Development	Montalban, Rizal	6,092,349
Total		6,092,349

2013 Performance

Revenues

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

Gross Profit

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

Cost and Expenses

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

Income (Loss) from Operations

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

Net Income (Loss)

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

Total Assets

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

Liquidity

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

Leverage

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

2012 Performance

Revenues

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

Gross Profit

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

Cost and Expenses

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

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

Income (Loss) from Operations

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

Net Income (Loss)

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

Total Assets

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

Liquidity

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

Leverage

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

Key Performance Indicators

Return on Investment (ROI)

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

The Company set the hurdle rate for its ROI at 8%. The Board of Directors as well as the Management believe that an 8% hurdle rate for its ROI is reasonable given that the Company is still relatively young, it is barely eight (8) years in operation. The Company posted a 4.40% ROI in 2001, the Company's first full year in operations. In 2002, the Company has somehow made its mark in the industry as translated by a 289% increase in revenues and 240% increase in net income. With the marked increase in both revenue and net income, the Company posted a 10.59% ROI in 2002, a 141% increase from 2001. In 2003, the Company's operations has normalized and posted an 8.64% ROI, a slight decrease of 18% from the 2002 level. In 2004, revenue was maintained at the P 242M level, with a zero percent (0%) growth from 2003. However, as an effect of the decline in costs and expenses, as well as financing costs, of 2% and 56%, respectively, ROI increased by 5.32% resulting to a 9.1% ROI. However, due to the decrease in net income, the ROI decreased by 72.53% resulting to 2.53% ROI only in the year 2005. With the lower revenue and income for the year 2006, ROI decreased by 87.3% resulting to .32% ROI in the year 2006. In the year 2007, 2008 and 2009, due to net losses, negative ROI of 20.90%, 16.00% and 23.10% were incurred, respectively. Likewise in 2010 and 2011, negative ROI of 5.9% and 11.2%, respectively, were incurred. In 2012 and 2013, an ROI of -6.50% and -36.82%, respectively

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 and 2013, the fixed assets turnover rate was posted at 3,276 times and 372 times, respectively.

Inventory Turnover/Days in Inventory

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

The Company established the benchmark at 41.97 inventory turnover rate and 10.65 days in inventory. The figures were based on the historical average for the years 2003 and 2002. As previously mentioned, the figures for 2001 was dropped in determining the hurdle rate as it is not reflective of normal operations. In fact, inventory turnover rate for 2001 was 332.61 times while days in inventory is 1.08 days. Since 2001 is the Company's first full year in operations, it was just starting to build up its inventory. This resulted to an extremely high inventory turnover rate and an improbable 1.08 days in inventory. In 2002, the Company has started building up its inventory and has likewise increased its cost of service. Inventory level went up from P 0.3M in the beginning of the year up to P 8.0M at the end of the year or an average of P 4.1M. Cost of service, on the other hand, increased from P 60.1M in 2001 to P 249.9M in 2002, a 316% increase. This resulted to a 60.49 times inventory turnover rate, an 82% decrease from 2001 figure, and 5.95 days in inventory, a 450% increase from 2001. Since the Company has experienced abrupt increases in the cost of materials, it started its

practice of stocking up materials and supplies to counter the effect of these price increases and in anticipation of large volumes of construction contracts. This hedging technique resulted to a 23.45 inventory turnover rate in 2003, a 61% decline from 2002, and 15.35 days in inventory, a 158% increase from 2002. Still, in 2004, the Company continued stocking up its materials and supplies as it anticipated increases both in the price of materials and in the number of contracts. Unfortunately, however, the expected increase in projects did not materialize while its average inventory level doubled from the previous year. This resulted to an inventory turnover rate of 11.75 times, 50% lower than the 2003 rate, and 30.64 days in inventory, quite long when compared with the hurdle rate of 10.65 days. In 2005, the inventory turnover rate posted to 10.76 times, 8.4% lower than the previous year's and 33.46 days in inventory, still quite long compared with the hurdle rate of 10.65 days. In 2006, the inventory turnover rate posted to only 7.83 times, 27.26% lower than the previous year's and 45.98 days in inventory. In 2007, the inventory turnover rate further decreased to 5.89 times or 61.07 days in inventory due to lower sale revenue. However in 2008 and 2009, the company generated an inventory turnover rate of 8.25 and 9.59 times or 43.64 and 37.54 days in inventory, respectively, merely due to the decrease in the ending balance of inventory. In 2010, 2011, 2013 and 2013 the Company did not maintain inventory due to the awarding of contracts to its sub-contractors on a straight basis where the latter provides also the materials.

Current Ratio

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

In 2001, the Company's operations resulted to a 0.72:1 current ratio. The Company was just on its first full year of operations in 2001 and was still building up its asset base. Thus, similar to the above performance indicators, the 2001 figure was not included in determining the historical average. The historical average for 2003 and 2002 of 1.54:1 will be set as the hurdle rate. It was only in 2002 that the Company's current ratio of 1.29:1 fell below the benchmark. Although already 79% higher than the 2001 figure, it is still 16% short of the hurdle rate. In 2003, current ratio started to improve as a result of the initial public offering (IPO) in December. With the P 55M proceeds from the IPO, cash balance as of year-end 2003 totaled P 62.3M, a 651% increase from the 2002 figure. This resulted to a current ratio of 1.78:1, 38% higher than the previous year ratio. In 2004, however, current ratio slid by 3% from the previous year resulting to a current ratio of 1.74:1. This was the result of the acquisition of construction equipments and the settlement of P 15M bank loan in the early part of the year. In 2005, the current ratio further improved to 1.90:1, 9.2% higher than the previous year. In 2006, the current ratio has improved further by 12.84% from 1.90:1 in 2005 to 2.14:1 in 2006. However, in 2007 the current ratio posted at 1.91:1, the decrease can be attributed to the decrease in the current asset account particularly the trade receivables due to recognition of impairment thereof. In 2008, it posted at 2.10:1. The increase can be attributed to the payment of company's interest-bearing loan and in the increase of the ending balance of cash and cash equivalents. In 2009 and 2010, it posted at 4.20:1 and 4.29:1, respectively. This can be attributed to the decrease in the current assets accounts such as trade receivables and advances to contractors and suppliers. While in 2011, it posted at 2.79:1 due to the increase in trade and other payables accounts particularly for the advances from clients. In 2012 and 2013, current ratio was posted at 3.06:1 and 1.17, 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, and 2013 it posted at 0.57:1 and 0.50:1, 6.64:1, respectively. With the most recent debt-to-equity ratio, creditors are still fully covered.

For Interim Period Ended March 31, 2014

Financial Condition

Total Assets

The Company's total assets amounted P 39.82M as of March 31, 2014, 6.06% lower than the December 31, 2013 figure of P 37.55M. There was a minimal change on the total assets of the company since it has no unusual business transactions. The increase was brought about by the increase in trade receivables and cash and cash equivalents accounts.

Property and Equipment

Property and equipment as of December 31, 2013 amounted to P 12.28K. It dropped to P11.14K as of March 31, 2014, a 9.26% decrease. The decrease was due to provision for regular monthly depreciation and amortization of the company's property and equipment and other assets. Moreover, the Company employs subcontractors that can provide the necessary equipment.

Total Liabilities

The Company's total liabilities as of March 31, 2014, amounted to P 35.23M, a 7.98% increase as compared to the December 31, 2013 balance of P 32.63M. The increase was primarily brought by the increase in trade and other payable accounts. Also, there was an increase in due to related parties account.

Liquidity

The Company posted a current ratio of 1.15:1 as of March 31, 2014, a little lower than the 1.17:1 current ratio as of December 31, 2013. The slight decrease can be attributed to the increase in trade and other payable accounts and also to the related parties account.

Leverage

Debt-to-equity ratio as of March 31, 2014, was determined to be 7.68:1 higher than the 6.64:1 ratio as of December 31, 2013. The increase was brought about by the increase in trade and other payable accounts and also to the related parties account.

Results of Operation

Revenues

Revenues from contracts for 2014Q1 amounted to P 2.28M, 22% lower than the P 2.93M in 2013Q1. The decrease can be attributed to the lower remaining contract in 2014. Moreover, contract revenues for the 2013Q1 were generated from the Land Development project in Montalban, Rizal which was full blast during that time.

Gross Profit

Gross profit from construction contracts decreased by 51.79% from P 586K in 2013Q1 to P 282K in 2014Q1. On the other hand, gross profit ratio decrease from 20% to 12%. Thus, resulted to lower gross profit in 2014Q1.

Cost and Expenses

Costs and expenses for 2014Q1 amounted to P 2.76M, 11.26% lower than the P 3.11M in 2013Q1. Cost of services for 2014Q1 comprised 72.37% of the total costs and expenses. Cost of services decreased by 14.81% from P 2.34M in 2013Q1 to P 1.99M in 2014Q1. The decrease was primarily brought about by the decrease in revenue generated in 2014Q1 since most of these costs are variable in nature.

For the total operating expenses, 2014Q1 amounted to 0.762M, 0.35% lower than the 2013Q1 of 0.764M. The minimal decrease was primarily brought about by the decrease in taxes and licenses incurred for the given quarter in 2014.

Operating Profit (Loss)

As a result of the foregoing, operating profit (loss) in 2014Q1 amounted to (P 0.48M) from (P 0.18M) in 2013Q1. Correspondingly, operating margin (loss) ratio increased from (6.10%) in 2013Q1 to (21.05%) in 2014Q1. The increase can be attributed to the lower revenue generated by the Company in 2014Q1 as discussed under revenue above.

Other Income / Charges

No financing costs incurred in 2013Q1 and in 2013Q1 since there was no interest-bearing loans for the given quarter. Other income pertains only to interest earned by the Company for its bank deposits.

Net Income (Loss)

As a result of the lower revenue this 2014Q1, net loss increased from P 0.12M in 2013Q1 to P 0.33M in 2014Q1. This likewise resulted to the increase of net loss ratio of 4.02% in 2013Q1 to 14.14% in 2014Q1. Finally, this translated into earnings (loss) per share of (P0.0030) in 2014Q1 from P0.0011 in 2013Q1.

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 2014Q1, the Company posted an ROI of (0.30%) compared to the 2013Q1 ROI of (0.11%). The decrease in ROI can be attributed to the lower revenue and net income generated for the given period.

Fixed Assets Turnover

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

The Company posted a fixed assets turnover rate of 195 times in 2014Q1 lower than the 147 times in the same period of the year 2013Q1. The increase in the fixed assets turnover rate can be attributed to the lower balance of fixed assets for 2014Q1.

Current Ratio

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

Current ratio as of March 31, 2014 was computed at 1.15:1 lower than the 1.17:1 ratio at the beginning of the year. The slight decrease can be attributed to the increase in the trade and other payable accounts. Likewise, there is an increase in the Due to related parties account.

Debt to Equity Ratio

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

Debt-to-equity ratio as of March 31, 2014 was determined to be 7.68:1 slightly higher than the 6.64:1 times as of December 31, 2013. The increase was brought about by the increase on the due to related parties and trade and other payables accounts. However, the equity portion decreased due to net loss incurred by the Company in 2014Q1.

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
UNIT 1223 CITY & LAND MEGA PLAZA BUILDING
CORNER GARNET RD. ADB AVE. ORTIGAS CTR. PASIG CITY**