SuperCity Realty Development Corporation

Service… Reliability… Development… Care…

Date :	April 30, 2012	File No.	: PSE 2012-007
To :	Ms. Janet A. Encarnacion Head, Disclosure Department	From	: SRDC
Subject :	2011 Annual Report (SEC Form 17-A)		

Madam:

We hereby submit our Company's 2011 Annual Report filed under SEC Form 17-A.

If you have further questions, please feel free to call the undersigned.

Thank you.

Prepared by: Enrique C. Cunanan Officer-In-Charge	

SEC Number **A200008385**
File Number

SUPERCITY REALTY DEVELOPMENT CORPORATION
(Company's Full Name)

Unit 1223 City & Land Mega Plaza
ADB Avenue Corner Garnet Road
Ortigas Center Pasig City
(Company Address)

638-7779
(Telephone Number)

December 31
(Calendar Year Ending – Month & Day)

SEC Form 17-A
(Form Type)

Amendment Designation (If Applicable)

December 31, 2011
Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended **DECEMBER 31, 2011**

2. SEC Identification Number **A200008385** 3. BIR Tax Identification No. **206-816-824**

4. Exact name of issuer as specified in its charter
SUPERCITY REALTY DEVELOPMENT CORPORATION

5. **METRO MANILA, PHILIPPINES**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. **UNIT 1223 CITY & LAND MEGA PLAZA, ADB AVE.
CORNER GARNET ROAD, ORTIGAS CENTER, PASIG CITY** **1605**
Address of principal office Postal Code

8. **(632)6387779**
Issuer's telephone number, including area code

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

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

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

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

Yes [**X**] No [ ]

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

12. Check whether the issuer:

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

Yes [**X**]   No [ ]

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

Yes [**X**]   No [ ]

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

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

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

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Company Background

Supercity Realty Development Corporation, hereinafter referred to as SRDC, was registered with the SEC on June 9, 2000 under SEC Registration No. A200008385. The Company's authorized capital is ₱155,000,000.00 consisting of 155,000,000 Common Shares, with a par value of ₱1.00 per share. As of December 31, 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 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, 2011, 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

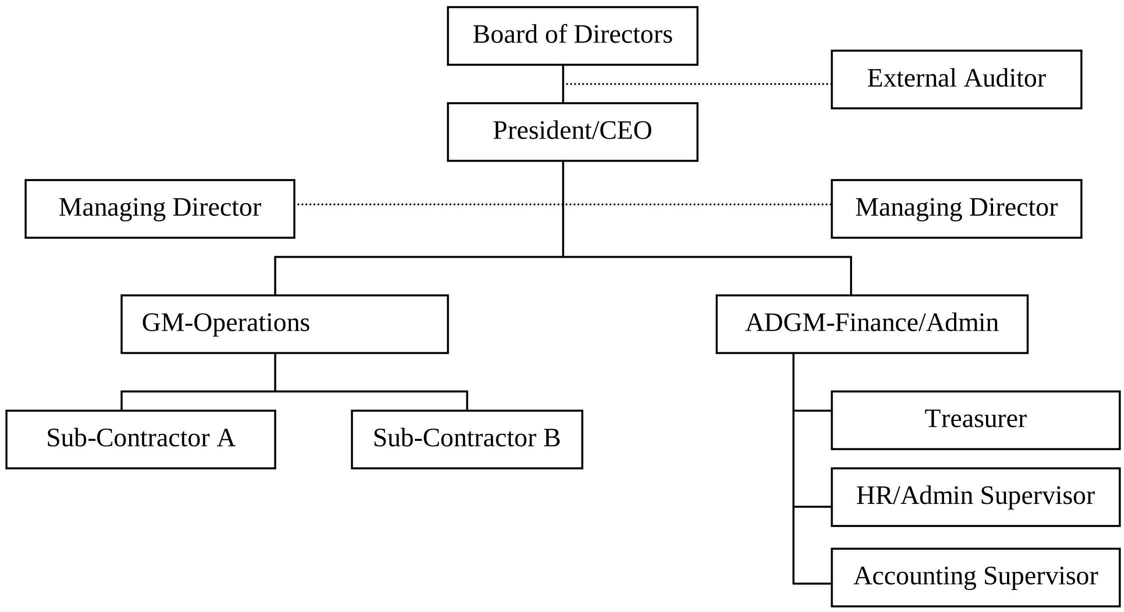
We are a leading construction company engaged in mass housing business providing total customer satisfaction using innovative and cost effective technology with the timely delivery of quality products and services.

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.

<u>Operations</u>

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

<u>Products and Services</u>

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 2011 are presented in the chart below.

Services	**Amount**	**%**
Housing	22,182,412	96%
Land Development	867,129	4%
Specialty/Miscellaneous Works	-	-
Total	**23,049,541**	**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
For Housing Construction Projects	
1. Cement	Solid Cement Corp.
2. Steel Bar	E.V.Y. Construction and Development Corp.
3. White Sand	Rodelros Enterprises
4. Gravel	Kidtrans Movers
5. CHB	Quality Star Concrete Products
6. Lumber	Glory Lumber Hardware
7. PVC Products	Tanay Industries, Inc.
8. Hardware	Goldrich Industrial Sales
9. Paints	Mirage Trading, Inc.
10. Electrical Wires and Accessories	Sycwin Coating & Wires, Inc.
11. Plumbing Fixtures	D-Square Plumbing Supply, Inc.
12. Roofing	Philmetal Products, Inc.
13. Steel Roof Framing	Rapid Forming Corporation
14. Steel Fabrication Works	Rapid Forming Corporation
For Land Development Projects	
1. Concrete Pipes	Allied Concrete Products
2. Lastillas and Boulders	Maeann Enterprise
3. Escombro	Express Network Aggregates, Inc.
4. Ready Mix Concrete	Precision Readymix Inc.
5. Water Main Pipes & Fittings	Atlanta Industries
6. Gabion & Accessories	Freyssi Marketing
7. C. I. Fittings	Philippine Valve Manufacturing Co.

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

Major Clients

It has been the thrust of the Company to be a business partner of Real Estate Developers and as such it concentrates on serving the needs of its major clients namely: 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 2011, the Company has been contracted to do the following construction works:

PROJECT NAME	LOCATION	AMOUNT
Eastwood Residences Phase 6	Montalban, Rizal	22,182,412
Eastwood Residences Phase 7	Montalban, Rizal	41,852,679
Total		64,035,091

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, 2011, 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.

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 Buiilders 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 2007, the Company has added two (1) new client.

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

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

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 ₱12,000.00. The lease is for a term of one (1) years, or until September 15, 2011, 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.

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 2008	1.32	1.32
Apr – June 2008	1.32	1.32
July – Sept 2008	1.32	1.32
Oct – Dec 2008	1.32	1.32
Jan – March 2009	1.32	1.32
Apr – June 2009	0.80	0.80
July – Sept 2009	0.80	0.80
Oct – Dec 2009	0.80	0.80
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
Last practicable trading date April 16, 2012	0.80	0.80

Holders

There are three hundred sixty four (364) total stockholders and the top twenty (20) stockholders of the Company's issued and outstanding shares as of April 16, 2012 are as follows:

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

16. Neskie Ng	2,999,999	2.73
17. PCD Nominee Corporation	1,510,000	1.37
18. Aileen Gabrentina	20,000	0.02
19. Divinagracia Ayento	20,000	0.02
20. Dexter Aviles	20,000	0.02

Dividends

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

Recent Sales of Unregistered Securities

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

Item 6. Management's Discussion and Analysis

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

Financial Highlights

Amounts are in thousand pesos except per share figures

Key Operating and Financial Indicators	**Audited Figures**	
	2011	**2010**
Income Statement Data		
Revenues	23,050	39,361
Cost and Expenses	35,371	46,203
Income/(loss) From Operations	(12,321)	(6,842)
Net/(loss) Income	(12,349)	(6,503)
Balance Sheet Data		
Current Assets	82,708	85,078
Property and Equipment	2	5
Held-to-maturity Investment	-	2,007
Total Assets	82,738	85,181
Total Liabilities	30,175	20,270
Stockholders' Equity	52,562	64,911
Per Share Data		
Earnings (Loss) per Share*	(0.112)	(0.059)
Book Value per Share**	0.48	0.59

* 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.

For the year 2011, the following projects were accomplished by the Company:

PROJECT NAME	LOCATION	AMOUNT
Eastwood Residences	Montalban, Rizal	22,182,412
Green Breeze	Montalban, Rizal	867,129
Total		23,049,541

2011 Performance

Revenues

In 2011, the Company generated P23.05M contract revenues, 41.44% lower than previous year revenue of P39.36M. Ninety six percent (96%) of the total revenues came from housing projects and four percent (4%) came from land development 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 23.05.

Gross Profit

Gross profit from construction contracts amounted to P4.27M, 2.73% lower than the previous year's P4.39M. The gross profit ratio increased from 11.14% to 18.51%. This is due to the decrease of cost of outside services. However, due to stiff competition, the company generated lower revenue compared from previous year.

Cost and Expenses

Costs and expenses decreased by 23.44% from P 46.20M in 2010 to P 35.37M in 2011. The decrease in cost, particularly for the cost of services that are variable in nature, was brought about by the decrease in the revenue in 2011. Administrative expenses increased from P 10.21M in 2010 to P 14.40M in 2011 due to the recognition of impairment loss on Company's financial assets.

Financing costs increased from P7.76M in 2010 to P 12.62M in 2011. 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 (P6.84M) and (P12.32M) in 2010 and 2011, respectively. Operating margin (loss) likewise increased to (53.46%) in 2011 from (17.38%) in 2010. The losses in 2011 and 2010 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 12.35M) and (P 6.50M) in 2011 and 2010, respectively. Correspondingly, net income (loss) ratio is (53.57%) and (16.52%) in 2011 and 2010, respectively. Earnings (Losses) per share likewise increased from (P 0.059) in 2010 to (P0.112) in 2011.

Total Assets

Total assets decreased by 0.65% from P 85.18M in 2010 to P 82.74M in 2011. 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 4.29:1 in 2010 to 2.79:1 in 2011. 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 0.574:1 in 2011 and 0.312:1 leverage ratio in 2010. The slight increase can be attributed to the decrease in trade and other payables particularly on the advances to contractors account.

2010 Performance

Revenues

In 2010, the Company generated P39.36M contract revenues, 52.06% lower than previous year revenue of P82.11M. Eighty seven and 88/100 percent (87.88%) of the total revenues came from land development projects and 12.12% from housing projects. A large portion of the revenues came from the Eastwood Greenview project in Rodriguez, Rizal and Green Breeze project also in Rodriguez, Rizal. Total revenues generated from these projects amounted to P 35.12M or 89.23% of the total revenues, a combination of housing and land development projects. The Company generated additional revenue amounting to P4.24M (10.77) from Eastwood Residences housing projects.

Gross Profit

Gross profit from construction contracts amounted to P4.39M, 45.89% lower than the previous year's P8.10M. The gross profit ratio increased from 9.87 to 11.14%. This is due to the decrease of cost of outside services. However, due to stiff competition, the company also generated lower revenue compared from previous year.

Cost and Expenses

Costs and expenses decreased by 53.40% from P 83.19M in 2009 to P 38.77M in 2010. The decrease in cost, particularly for the materials, labor and overhead costs that are variable in nature, was brought about by only the decrease in the revenue in 2010. Administrative expenses decreased from P 5.39M in 2009 to P 2.45M in 2010 due to the decrease in manpower, decrease in repairs and maintenance, and in other accounts as a result of the decrease in revenue for the year 2010.

Financing costs decreased from P12.01M in 2009 to P 7.76M in 2010. 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 (P0.63M) and (P0.46M) in 2010 and 2009, respectively. Operating margin (loss) likewise increased to 1.60% in 2010 from (0.56%) in 2009. The losses in 2009 can be attributed to the payment of retirement benefits and separation pay given to employees as a result of trimming down the company's manpower. In 2010, The Company's administrative costs decreased due to decrease in manpower.

Net Income (Loss)

As a result of the foregoing, the company incurred a net income (loss) of (P 6.510M) and (P 25.36M) in 2010 and 2009, respectively. Correspondingly, net income (loss) ratio is (16.52%) and (30.88%) in 2010 and 2009, respectively. Earnings (Losses) per share likewise decreased from (P 0.231) in 2009 to (P0.059) in 2010.

Total Assets

Total assets decreased by 9.98% from P 94.62M in 2009 to P 88.18M in 2010. 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 4.20:1 in 2009 to 4.29:1 in 2010. This can be attributed to the decrease in the current assets accounts such as trade receivables and advances to contractors and suppliers.

Leverage

The Company posted a debt-to-equity ratio of 0.312:1 in 2010 and 0.325:1 leverage ratio in 2009. The slight increase can be attributed to the decrease in trade and other payables particularly on the advances to contractors account.

2009 Performance

Revenues

In 2009, the Company generated P82.1M contract revenues, 7.83% lower than previous year revenue of P89.1M. Forty and 43/100 percent (40.43%) of the total revenues came from housing projects, 46.39% from land development works and 13.18% from specialty works. A large portion of the revenues came from the Eastwood Residences project in Rodriguez, Rizal and Green Breeze project also in Rodriguez, Rizal. Total revenues generated from these projects amounted to P 74.444M or 90.65% of the total revenues. The contribution of the other projects are as follow: P 3.42M (4.16%) from Eastwood Greenview in Rodriguez, Rizal; and P 4.26M (5.19%) from Centella Homes in Rodriguez, Rizal. All of these projects are combination of land development, housing and specialty construction contracts.

Gross Profit

Gross profit from construction contracts amounted to P8.10M, 24.20% lower than the previous year's P10.69M. Related to this, the gross profit ratio decreased from 12% to 10%. This is due to the increase of cost of outside services. However, due to stiff competition, the company could not increase its contract price to offset such increase. In 2009, the company also generated lower revenue compared from previous year.

Cost and Expenses

Costs and expenses decreased by 7.64% from P 90.1M in 2008 to P 83.19.1M in 2009. The decrease in cost, particularly for the materials, labor and overhead costs that are variable in nature, was brought about by the decrease in the revenue in 2009. Administrative expenses decreased from P 8.91M in 2008 to P 5.39M in 2009 due to the decrease in manpower, decrease in repairs and maintenance, and in other accounts as a result of the decrease in revenue for the year 2009.

Financing costs increased from P5.46M in 2008 to P 12.01M in 2009. The increase was caused by the recognition of impairment loss on Company's financial assets particularly on trade and other receivables accounts.

Other Gains - net

Other Gains-net decreased from P2.87M in 2008 to none in 2009. The 2008 figure was derived from the gain on curtailment on retirement obligation and on the gain on sale of property and equipment.

Income (Loss) from Operations

Income (Loss) from operations amounted to (P0.46M) and (P0.85M) in 2009 and 2008, respectively. Operating margin (loss) likewise decreased to (0.56%) in 2009 from (0.95%) in 2007. These losses can be attributed to the payment of retirement benefits and separation pay given to employees as a result of trimming down the company's manpower.

Net Income (Loss)

As a result of the foregoing, the company incurred a net loss of P 25.36M in 2009 compared to a net loss of P17.58 in 2008. Correspondingly, net income (loss) ratio is (30.88%) and (19.73%) in 2009 and 2008, respectively. Earnings (Losses) per share likewise increased from (P 0.160) in 2008 to (P0.231) in 2009.

Total Assets

Total assets decreased by 38.37% from P 153.52M in 2008 to P 94.62M in 2009. The decrease was due to sale of land investment and the derecognition of deferred tax assets in 2009. Moreover, the decrease in volume of works and awarding to sub-contracts on a straight contract basis resulted to decrease in inventory. Also, there was a decrease in the net amount of Property and Equipment account due to sale and recognition of depreciation while there was no acquisition made during the year. However, there was an increase in other current assets account due to the increase in the amount of Creditable Withholding Taxes as the Company was not able to apply thereof due net loss. Also, trade and other receivables increased due to the increase in trade receivable accounts.

Liquidity

Current ratio increased from 2:10:1 in 2008 to 4.20:1 in 2009. This can be attributed to the decrease in the current liability account particularly the deposit from buyer account which was reversed due to recognition of sale of land investment.

Leverage

The Company posted a debt-to-equity ratio of 0.33:1 in 2009 and 0.59:1 leverage ratio in 2008. The decrease can be attributed to the decrease of retained earnings due to the net loss incurred in the given year.

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.

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.

Inventory Turnover/Days in Inventory

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

The Company established the benchmark at 41.97 inventory turnover rate and 10.65 days in inventory. The figures were based on the historical average for the years 2003 and 2002. As previously mentioned, the figures for 2001 was dropped in determining the hurdle rate as it is not reflective of normal operations. In fact, inventory turnover rate for 2001 was 332.61 times while days in inventory is 1.08 days. Since 2001 is the Company's first full year in operations, it was just starting to build up its inventory. This resulted to an extremely high inventory turnover rate and an improbable 1.08 days in inventory. In 2002, the Company has started building up its inventory and has likewise increased its cost of service. Inventory level went up from P 0.3M in the beginning of the year up to P 8.0M at the end of the year or an average of P 4.1M. Cost of service, on the other hand, increased from P 60.1M in 2001 to P 249.9M in 2002, a 316% increase. This resulted to a 60.49 times inventory turnover rate, an 82% decrease from 2001 figure, and 5.95 days in inventory, a 450% increase from 2001. Since the Company has experienced abrupt increases in the cost of materials, it started its practice of stocking up materials and supplies to counter the effect of these price increases and in anticipation of large volumes of construction contracts. This hedging technique resulted to a 23.45 inventory turnover rate in 2003, a 61% decline from 2002, and 15.35 days in inventory, a 158% increase from 2002. Still, in 2004, the Company continued stocking up its materials and supplies as it anticipated increases both in the price of materials and in the number of contracts. Unfortunately, however, the expected increase in projects did not materialize while its average inventory level doubled from the previous year. This resulted to an inventory turnover rate of 11.75 times, 50% lower than the 2003 rate, and 30.64 days in inventory, quite long when compared with the hurdle rate of 10.65 days. In 2005, the inventory turnover rate posted to 10.76 times, 8.4% lower that the previous year's and 33.46 days in inventory, still quite long compared with the hurdle rate of 10.65days. In 2006, the inventory turnover rate posted to only 7.83 times, 27.26% lower that the previous year's and 45.98 days in inventory,. In 2007, the inventory turnover rate further decreased to 5.89 times or 61.07 days in inventory due to lower sale revenue. However in 2008 and 2009, the company generated an inventory turnover rate of 8.25 and 9.59 times or 43.64 and 37.54 days in inventory, respectively, merely due to the decrease in the ending balance of inventory. In 2010 and 2011, 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.

Debt to Equity Ratio

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

The historical average debt-to-equity ratio for the years 2003 and 2002 was 0.96:1, very close to the ideal 1:1 ratio. The 2001 leverage ratio was dropped to be consistent with the other performance indicators which considered only the years 2003 and 2002 in computing the average. In 2001, debt-to-equity ratio reached a high of 3.02:1 because the Company had to borrow from the banks to support its operations. Capital stock was not yet fully paid as of that time. The following year, 2002, debt-to-equity ratio dropped by 62% and resulted to a leverage ratio of 1.14:1. The marked improvement in the debt-to-equity ratio was brought about by the settlement of P 21.5M bank loan. In addition, the unpaid subscriptions were paid by the stockholders in April 2002 and retained earnings increased by 293% from P 2.0M in 2001 to P 7.8M in 2002. The debt-to-equity ratio was further reduced by 31% to 0.79:1 in 2003. The reduction was due to the additional subscription and full payment through the IPO of P 50M capital stock. Also, the level of retained earnings almost doubled from P 7.8M in 2002 to P 13.3M in 2003. In 2004, P 15M bank loan was settled in the early part of the year while retained earnings increased by 70% from P 13.3M in 2003 to P 22.7M in 2004. This resulted to a debt-to-equity ratio of 0.68:1, a 14% drop from the previous year ratio. In 2005, the debt-to-equity ratio posted at 0.61:1, 10% drop from the previous year's due to lower liability particularly the trade payable account where the liquidation of advances to suppliers were made. In 2006, the debt-to-equity ratio posted at 0.55:1, a 12% drop from the previous year's due to lower liability account particularly the trade payables account. In 2007, 0.62:1 debt-to-equity ratio was posted. In 2008, 2009 and 2010, a 0:59:1, 0.325:1 and 0.312:1 deft-to-equity ratios were posted, respectively. In 2011, it posted at 0.574:1. With the most recent debt-to-equity ratio, creditors are still fully covered.

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

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

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

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

There are no material commitments for capital expenditures.

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

For the year 2011, the Company generated small revenue from construction activities due to completion of old project. The Management expects that Company will still continue to engage in construction until such time that its plan to engage into real estate business is pursued.

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

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

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

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

Balance Sheets Items:

	As Of		**Inc/(Dec)**		
Account Title	**31-Dec-11**	**31-Dec-10**	**Amount**	**%**	**Remarks**
Cash & cash equivalents	3,744,240	811,259	2,932,981	362%	The held-to-maturity investment was terminated and deposited to money market placement account.
Current Receivables-net	57,366,382	64,383,346	(7,016,964)	-11%	Decrease is due to the collection of retention receivables and recognition of impairment loss
Held-to-maturity investment	-	2,007,440	(2,007,440)	-100%	This was deposited to money market placement and now part of the cash and cash equivalent account
Other current assets	21,597,251	17,876,635	3,720,616	21%	Increase is due to the creditable withholding tax account and down payment made to subcontractors for newly awarded contracts
Non-current Receivables	28,000	96,918	(68,918)	-71%	Decrease is due to the collection of MDR/SDR deposits to meralco
Property and equipment - net	1,825	5,481	(3,656)	-67%	Due to recognition of depreciation, there were no fixed assets acquired this year
Trade and other payable	24,104,332	19,304,212	4,800,120	25%	Increase is due to the downpayment made by the client for newly awarded contract
Due to related parties	5,111,246	39,245	5,072,001	12924%	Increase is due to additional borrowings from related parties in 2011
Retirement Obligation	486,138	452,899	33,239	7%	Increase is due to recognition of retirement obligation for the year.

Income Statement Items:

	For the Year Ending		**Inc/(Dec)**		
Account Title	**12.31.11**	**12.31.10**	**Amount**	**%**	**Remarks**
Contract Revenues	23,049,541	39,361,055	(16,311,514)	-41%	The decrease can be attributed to completion of Green Breeze project. Also, the land development contract was put on hold in 2011.

Contract Cost	18,784,100	34,975,785	(16,191,685)	-46%	The decrease is caused by lower construction activities as reflected in the above revenue item since this item is variable in nature
Administrative Expenses	14,400,962	10,214,126	4,186,836	41%	Increase in 2011 is mainly due to the higher impairment loss recognized as compared to 2010
Other operating expenses	2,222,612	1,340,935	881,677	66%	Increase pertains to the miscellaneous expenses particularly on the service charges and representation expenses.
Other gains - net	36,517	327,891	(291,374)	-89%	This pertains to interest earned for the given quarters. The 2010 includes dividend income received by the company
Finance Income	73,642	438,455	(364,813)	-83%	This pertains to interest earned on HTM investment and bank deposits
Net Loss	12,348,741	6,502,841	5,845,900	90%	Higher net loss is incurred to due lower revenue generated in the year 2011. Moreover, impairment loss recognized in 2011 is higher than in 2010.

Item 7. Financial Statements

Included in this report are the audited Comparative Financial Statements of the Company for the years ended December 31, 2009, 2010 and 2011.

Item 8. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

	2011	2010
Audit and Audit-Related Fees	350,000	350,000
Tax Fees	- nil -	- nil -
All Other Fees	- nil -	- nil -

Audit and Audit-Related Fees

The services rendered by the External Auditor for which the foregoing fees were paid include the audit of the Company's annual Financial Statements and such other services that are normally provided by the external auditor in connection with statutory and regulatory filing or engagements for those engagement years

Tax Fees

Tax accounting, compliance, advice, planning and other form of tax services are not rendered by the appointed external auditor of the Company, but are secured from other entities when needed

All Other Fees

The appointed External Auditor of the Company does not render and/or provide product or service to the Company other than those provided under the caption "Audit and Audit-Related Fees"

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

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

Following are the criteria for the approval of audit fees:

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
The financial statements of the Company for the years ended December 31, 2011, 2010 and 2009, including the notes thereto, were audited by Punongbayan & Araullo. There were no disagreements with the auditing firm on accounting and financial disclosures.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

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

Ferdinand Z. Soliman, 48, *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, 48, Corporate Secretary. Ms. Mangosing is a Filipino citizen, and is a member of the board since 2011 and became Corporate Secretary in June 2011. She graduated in 1985 from Central Polytechnic College presently known as Nueva Ecija University of Science and Technology with a Bachelor of Science degree in Civil Engineering. She is a licensed Civil Engineer with solid years of experience in construction industry. She served the Company for several years as Project Manager bringing with her more than 20 years of experience in construction and real estate project management. She is affiliated with Extraordinary Development Corporation as Head of the Procurement Management Unit. Moreover, she gained years of experience in construction with Golden Bay Realty Development Corporation as Head of the Quality Control Department and at Supreme Housing Builders as Project Manager.

Mylene T. Lim, 47, *Managing Director and Assistant Corporate Secretary*. 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, 37, *Independent Director*. Mr. Ng is a Filipino citizen, and is a director since January 23, 2002. He graduated from the Chiang Kai Shek College in 1997 with a Bachelor of Science degree in Computer Studies. He is currently an Assistant Plant Manager at Republic Biscuit Corporation.

Maila M. Paredes, 42, *Independent Director*, Ms. Paredes is a Filipino citizen. She was elected as a member of the Board during the June 2004 Annual Stockholders' Meeting. A Cum Laude graduate from the Polytechnic University of the Philippines with a Bachelor of Science degree in Accountancy, she currently works in the public practice. She passed the Certified Public Accountant Licensure Examination in 1991. She was formerly connected with Sycip Gorres Velayo & Co. as Auditor from 1991 to 1996 and with Extraordinary Development Corporation as Audit Manager from 1996 to 2002. With her accounting and audit experience, she was elected to become a member of the Nomination Committee during the June 29, 2005 Organizational Meeting of the BOD and to chair the Audit Committee. She held the position of Audit Chairperson since June 30, 2004.

Jean Cestina, 41, *Independent Director*, Ms. Cestina is a Filipino citizen. She was elected as an independent director during the June 2005 Annual Stockholders' Meeting. She graduated from the College of the Holy Spirit in 1991 with a Degree of Bachelor of Science in Commerce Major in Accounting. She gained her 15 years experience in the accounting profession through her work in various companies such as Legaspi Import & Export Inc., Saisho Denshi Inc. and Extraordinary Development Corporation. She currently works as Accounting Manager in Ong Ordoñez & Associates Inc, an accounting and auditing firm. Concurrently, she is a stockholder of Certrain Inc., a computer training company and Auguste Manufacturing Inc., a jewelry manufacturer.

Fernando Mamuyac, 47, 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 next annual stockholder's meeting shall be held on June 297 2012.

<u>Principal Officers</u>

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

Ferdinand Z. Soliman, 48, *General Manager-Operations,* heads the Operations unit. Mr. Soliman 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.

Enrique C. Cunanan, 42, Acting Deputy General Manger-*Finance and Administration*, Filipino, heads the Finance Department. Mr. Cunanan has been with the Company since the start of its operation. He graduated from the Pampanga College in 1989 with a Bachelor of Science degree in Commerce and earned units in Masters of Science in Information Technology at the Ateneo Graduate School. He also had several training conducted by the Philippine Institute of Certified Public Accountants. He has been an Accountant since 1991 in several construction firms. He is the Company's Compliance Officer to the Securities and Exchange Commission (SEC) and Corporate Information Officer (CIO) to the PSE.

Family Relationships

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

Involvement in Certain Legal Proceedings

At present, the Company is not aware of:

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

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

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

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

Item 10. Executive Compensation

The following table shows the aggregate compensation received by the President, Chief Operating Officer, Acting Deputy General Manager-Finance/Admin, Acting Deputy General Manager-Operations, and the most highly compensated officer of the Company for the years 2010, 2011 and 2012 (estimate only).

Summary Compensation Table:

Name and Principal Position	Year	Salary (₱)	Bonus (₱)
Enrique Cunanan, ADGM-Finance/Admin Engr. Fernando Mamuyac, ADGM-Operations Engr. Ferdinand Soliman, GM-Operations	2010 (actual)	1,143,271	Nil
	2011 (actual)	804,304	Nil
	2012 (estimate)	850,000	Nil
All Directors and Officers as a Group Unnamed	2010 (actual)	1,143,271	Nil
	2011 (actual)	804,304	Nil
	2012 (estimate)	850,000	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.

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

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

Warrants and Options Outstanding

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2011, the following own of record or beneficially, approximately the following number of shares representing more than 5% of the Company's issued and outstanding capital stock:

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

(1) Wilfredo Uy was once the Chairman and President of the Company.
(2) Mylene Lim is a Managing Director and Treasurer of the Company.
(3) Nimfa Leonco is a mere stockholder of the Company
(4) Arthur Lim was once the Chairman and President of the Company.
(5) Ferdinand Soliman is the current Chairman and President of the Company.

Security Ownership of Management

As of December 31, 2011 the following Directors and key officers owned, of record or beneficially, approximately the following number of shares of the Company's issued and outstanding capital stock:

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

Common	Jean Cestina	2,000	Direct	Filipino	Nil
Common	All directors and executive officers as a group	21,045,000			19.09

Voting Trust Holders of 5% or more

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

Changes in Control

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

Item 12. Certain Relationships and Related Transactions

The significant transactions of the Company in the normal course of business with related parties are described below:

The Company renders construction services for certain real estate projects of companies under common stockholders. The breakdown of the construction services rendered and the outstanding balances are as follows:

	Amount of Transactions		**Outstanding Balances**	
	2011	**2010**	**2011**	**2010**
Extraordinary Development Corp (EDC)			8,199,023	8,199,023
Acerhomes Development Corporation (ADC)	-	530,563	10,531,453	10,531,453
Earth + Style Corporation (ESC)			4,846,767	4,846,767
VerdantPoint Development Corp (VDC)	23,049,541	38,830,492	64,889,730	59,305,171
Earth Prosper Corporation (EPC)	-		1,330,131	1,330,131
Earth Aspire Corporation (EAC)	-		1,641,594	1,641,594
EDC – ESC	-		331,833	331,833
First Advance Development Corp (FADC)	-		773,152	773,152
Total	**23,049,541**	**39,361,055**	92,543,683	86,959,124
Less: Allowance for Impairment			40,268,729	27,873,800
Ending Balances			**52,274,954**	**59,085,324**

The outstanding balances are shown as Contracts receivable under Trade and Other Receivables account in the statement of financial position.

The composition of the outstanding balances is as follows:

	2011 Trade Receivables	2011 Retention Receivables	2011 Total	2010 Trade Receivables	2010 Retention Receivables	2010 Total
EDC	7,340,485	858,538	8,199,023	7,340,554	858,538	8,199,023
ADC	9,069,553	1,461,900	10,531,453	9,069,554	1,461,900	10,531,454
VDC	57,663,549	7,226,181	64,889,730	53,122,789	6,182,382	59,305,171
ESC	137,897	4,708,870	4,846,767	137,897	4,708,870	4,846,767
EPC	599,055	731,076	1,330,131	599,055	731,076	1,330,131
KRDC						
OADC						
EAC	1,241,476	400,118	1,641,594	1,241,476	400,118	1,641,594
EDC-ESC	49,218	282,615	331,833	49,218	282,615	331,833
FADC	773,152	-	773,152	773,152	-	773,152
Total	**76,874,385**	**15,669,298**	**92,543,683**	**72,333,625**	**14,625,499**	**86,959,124**
Impairment	(28,035,753)	(12,232,976)	(40,268,729)	(19,517,132)	(8,356,668)	(27,873,800)
Ending Balance	**48,838,632**	**3,436,322**	**52,274,954**	**52,816,493**	**6,268,831**	**59,085,324**

Relative to the construction contracts, the related parties made certain advances to be applied to the progress billings of the Company. Outstanding liabilities to the related parties as of December 31, 2011 and 2010, shown as Advances from customers under the Trade and Other Payables account in the statements of financial position, amounted to P6.54M and P3.18M, respectively.

The Company grants non-interest-bearing advances to related parties other than officers and directors for working capital requirements and other purposes, as shown below:

	2011	2010
Advances to related parties under common stockholders:		
Balance at beginning of year	P 13,779,558	P 15,738,796
Additions	-	-
Write-off	-	-
Repayments	-	(1,959,238)
Balance at end of year, shown as Due from Related Parties	P 13,779,558	P 13,779,558
Allowance for impairment	(8,707,557)	(8,481,536)
Balance at year end	P 5,072,001	P 5,298,022
Advances from related parties under common stockholders	P 39,245	P 39,245
Additions	5,072,001	-
Balance end of the year	P 5,111,246	P 39,245

Due from Related Parties are shown as part of Trade and Other Receivables while the advances from related parties under common stockholders are recorded as part of Trade and Other Payables in the balance sheets under Miscellaneous Payables account.

PART IV – CORPORATE GOVERNANCE

Compliance with the Manual of Corporate Governance

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

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

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

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

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

Financial Statements

1. Statement of Management's Responsibility for Financial Statements
2. Report of Independent Auditors
3. Statements of Financial Position as of December 31, 2011, 2010, and 2009
4. Statements of Comprehensive Income for the Years Ended December 31, 2011, 2010, and 2009
5. Statements of Changes in Equity for the Years Ended December 31, 2011, 2010 and 2009
6. Statements of Cash Flows for the Years Ended December 31, 2011, 2010 and 2009
7. Notes to Financial Statements

Supplementary Schedules

1. Supplementary Schedules Table of Contents
2. Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
3. Schedule D. Indebtedness to Unconsolidated Subsidiaries and Related Parties
4. Schedule I. Capital Stock
5. Reconciliation of Company Retained Earnings for Dividend Declaration

(b) Reports on SEC Form 17-C

None

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April 25, 2012.

By:

FERDINAND Z. SOLIMAN
Principal Executive Officer

ENRIQUE C. CUNANAN
Principal Accounting Officer

MYLENE T. LIM
Treasurer

EMELITA MANGOSING
Corporate Secretary

30 APR 2012

SUBSCRIBED AND SWORN to before me this _____ day of ________ 2012affiant(s) exhibiting to me his/their Residence Certificates/TIN, as follows:

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

DOC. NO. 36
PAGE NO. 9
BOOK NO. 223
SERIES OF 12

ATTY. EDITHA P. TALABOC
Notary Public in the City of Manila
Until December 31, 2013
PTR No. 0326114/Jan. 02, 2012
IBP No. 868467/Roll No. 43135
Mezzanine Floor, Malate Adriatico
Grand Residency Bldg. 1415 M. Adriatico St.
Malate Manila

SuperCity Realty Development Corporation

Service… Reliability… Development… Care…

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Supercity Realty Development Corp.** (the Company), is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2011 and 2010, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Reconciliation of Retained Earnings Available for Dividend Declaration
c. Schedule of PFRS Effective as of December 31, 2011
d. Schedule of Financial Indicators for December 31, 2011 and 2010
e. Map Showing the Relationship Between and Among the Company and its Related Entities
f. Schedule of Proceeds and Expenditures for the Recent Public Offering
g. Details of Transactions with DOSRI

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

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

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

FERDINAND SOLIMAN
Chairman of the Board

FERDINAND SOLIMAN
Chief Executive Officer/President

ERNIQUE CUNANAN
Chief Financial Officer

SuperCity Realty Development Corporation

Service… Reliability… Development… Care…

30 APR 2012

SUBSCRIBED AND SWORN to before me this _____ day of _________ 2012affiant(s) exhibiting to me his/their Residence Certificates/TIN, as follows:

NAMES	TIN
Ferdinand Soliman	106-835-141
Enrique Cunanan	116-426-195

ATTY EDITHA P. TALABOC
Notary Public in the City of Manila
Until December 31, 2013
PTR No. 0326114/Jan. 02, 2012
IBP No. 868467/Roll No. 43135
Mezzanine Floor, Malate Adriatico
Grand Residency Bldg. 1415 M. Adriatico St.
Malate Manila

Doc. No. 152
Page No. 32
Book No. 223
Series of 12

Punongbayan & Araullo

Report of Independent Auditors

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

T +63 2 886 5511
F +63 2 886 5506; +63 2 886 5507
www.punongbayan-araullo.com

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

Report on the Financial Statements

We have audited the accompanying financial statements of Supercity Realty Development Corporation, which comprise the statements of financial position as at December 31, 2011, 2010 and 2009, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Supercity Realty Development Corporation as at December 31, 2011, 2010 and 2009 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which discusses the status of operations of the Company. As discussed therein, the Company has been incurring significant losses from its operations resulting in a deficit of P58.9 million, P46.6 million and P40.1 million as of December 31, 2011, 2010 and 2009, respectively. This condition indicates the existence of an uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. In response to this matter, the Company's management has committed to ensure the continuity of its construction projects through close coordination with its related parties. The management believes that this will translate to profitability and financial stability of the Company while its transition to real estate development is still being finalized and carefully planned. Management will also improve its collection of the Company's outstanding receivables that it could use in moving its projects forward. Accordingly, the accompanying financial statements have been prepared assuming that the Company will continue as going concern. The financial statements do not include any adjustments to reflect possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that might result from the outcome of this uncertainty.

BUREAU OF INTERNAL REVENUE
RECEIVED
NO PAYMENT RETURNS
DATE
16 APR 2012
DAHLIA V. NITURA
ASSESSMENT SECTION

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2011 required by the Bureau of Internal Revenue as disclosed in Note 22 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 3174792, January 2, 2012, Makati City
SEC Group A Accreditation
Partner - No. 1185-A (until Jan. 18, 2015)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-34-2011 (until Sept. 21, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)

April 11, 2012

16 APR 2012
ASSESSMENT SECTION

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	2011	2010	2009
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	4	P 3,744,240	P 811,259	P 2,875,110
Receivables - net	5	57,366,382	64,383,346	71,415,000
Held-to-maturity investment	6	-	2,007,440	-
Other current assets	7	21,597,251	17,876,635	20,230,127
Total Current Assets		82,707,873	85,078,680	94,520,237
NON-CURRENT ASSETS				
Receivables	5	28,000	96,918	96,918
Property and equipment - net	8	1,825	5,481	4,902
Total Non-current Assets		29,825	102,399	101,820
TOTAL ASSETS		P 82,737,698	P 85,181,079	P 94,622,057
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	9	P 24,104,332	P 19,304,212	P 21,605,418
Due to related parties	10	5,111,246	39,245	39,245
Provisions for repairs	3	473,678	473,678	821,111
Total Current Liabilities		29,689,256	19,817,135	22,465,774
NON-CURRENT LIABILITY				
Retirement benefit obligation	14	486,138	452,899	742,397
Total Liabilities		30,175,394	20,270,034	23,208,171
EQUITY				
Capital stock	17	110,000,000	110,000,000	110,000,000
Additional paid-in capital		1,509,641	1,509,641	1,509,641
Deficit		(58,947,337)	(46,598,596)	(40,095,755)
Total Equity		52,562,304	64,911,045	71,413,886
TOTAL LIABILITIES AND EQUITY		P 82,737,698	P 85,181,079	P 94,622,057

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	2011	2010	2009
CONTRACT REVENUES	16	**P 23,049,541**	P 39,361,055	P 82,111,052
CONTRACT COSTS	11	**18,784,100**	34,975,785	74,006,934
GROSS PROFIT		**4,265,441**	4,385,270	8,104,118
OPERATING EXPENSES (INCOME)				
Administrative expenses	13	**14,400,962**	10,214,126	17,364,977
Other operating expenses	13	**2,222,612**	1,340,935	5,200,107
Other operating income	12	**(36,517)**	(327,891)	(615,296)
		16,587,057	11,227,170	21,949,788
OPERATING LOSS		**12,321,616**	6,841,900	13,845,670
FINANCE INCOME	4, 6	**73,642**	438,455	261,107
LOSS BEFORE TAX		**12,247,974**	6,403,445	13,584,563
TAX EXPENSE	15	**100,767**	99,396	11,771,923
NET LOSS		**12,348,741**	6,502,841	25,356,486
OTHER COMPREHENSIVE INCOME		**-**	-	-
TOTAL COMPREHENSIVE LOSS		**P 12,348,741**	P 6,502,841	P 25,356,486
Loss Per Share		**P 0.112**	P 0.059	P 0.231

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Philippine Pesos)

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balance at January 1, 2011	P 110,000,000	P 1,509,641	(46,598,596)	64,911,045
Net loss for the year	-	-	(12,348,741)	(12,348,741)
Balance at December 31, 2011	**P 110,000,000**	**P 1,509,641**	**(58,947,337)**	**52,562,304**
Balance at January 1, 2010	P 110,000,000	P 1,509,641	(40,095,755)	71,413,886
Net loss for the year	-	-	(6,502,841)	(6,502,841)
Balance at December 31, 2010	P 110,000,000	P 1,509,641	(46,598,596)	64,911,045
Balance at January 1, 2009	P 110,000,000	P 1,509,641	(14,739,269)	96,770,372
Net loss for the year	-	-	(25,356,486)	(25,356,486)
Balance at December 31, 2009	P 110,000,000	P 1,509,641	(40,095,755)	71,413,886

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Philippine Pesos)

	Notes	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(12,247,974)	(6,403,445)	(13,584,563)
Adjustments for:				
Interest income	4	(73,642)	(89,354)	(261,107)
Depreciation and amortization	8	3,656	5,224	268,049
Dividend income		-	(349,101)	-
Loss on sale of construction materials		-	-	1,243,582
Loss on sale of property and equipment		-	-	127,307
Write-off of advances to related parties		-	-	40,203
Operating loss before working capital changes		(12,317,960)	(6,836,676)	(12,166,529)
Decrease (increase) in receivables		7,085,882	6,058,289	(3,805,343)
Decrease in construction materials		-	-	13,987,818
Decrease (increase) in other current assets		(3,720,616)	2,353,492	(4,696,052)
Increase (decrease) in trade and other payables		4,800,120	(1,327,841)	(7,338,115)
Increase in due to related parties		5,072,001	-	-
Decrease in provision for repairs		-	(347,433)	(96,160)
Increase (decrease) in retirement benefit obligation		33,239	(289,498)	186,760
Cash generated from (used in) operations		952,666	(389,667)	(13,927,621)
Cash paid for income taxes		(100,767)	(99,396)	(52,222)
Net Cash From (Used in) Operating Activities		851,899	(489,063)	(13,979,843)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity of held-to-maturity investments	6	2,007,440	-	-
Interest received	4	73,642	89,354	261,107
Acquisition of held-to-maturity investment	6	-	(2,007,440)	-
Dividend received		-	349,101	-
Acquisitions of property and equipment	8	-	(5,803)	-
Proceeds from sale of property and equipment	8	-	-	339,286
Net Cash From (Used in) Investing Activities		2,081,082	(1,574,788)	600,393
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,932,981	(2,063,851)	(13,379,450)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		811,259	2,875,110	16,254,560
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,744,240	811,259	2,875,110

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011, 2010 AND 2009
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

1.1 Corporate Information

Supercity Realty Development Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 9, 2000 to engage in the business of construction and related activities, either as contractor or subcontractor, for the construction of residential units, buildings, roads, bridges and other construction projects. The Company is a domestic corporation whose shares of stock are listed for trading in the Philippine Stock Exchange (PSE). The Company's construction projects are concentrated on the projects of its related parties (see Note 16.1).

On February 29, 2008, the Company's Board of Directors (BOD) approved the change in the Company's core business operations from construction activities to real estate development. Consequently, the Company has retrenched all of its project-based employees effective September 2008 and sold all of its construction equipment.

However, as of December 31, 2011, the Company has not yet started any real estate development projects. Currently, the Company is continuously engaged in the business of construction, its sole business activity where it utilizes the services of subcontractors. Hence, no segment information and disclosures are presented in the Company's financial statements.

The Company's registered address, which is also its principal place of business, is located at Unit 1223 12/F City & Land Mega Plaza, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City.

The financial statements of the Company for the year ended December 31, 2011 (including the comparatives for the years ended December 31, 2010 and 2009) were authorized for issue by the Company's Chairman and President on April 11, 2012.

1.2 Status of Operations

The Company incurred net losses from operations of P12.3 million in 2011, P6.5 million in 2010 and P25.4 million in 2009 and as a result, reported a deficit of P58.9 million, P46.6 million and P40.1 million as of December 31, 2011, 2010 and 2009, respectively. This condition indicates the existence of an uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. In response to this condition, the Company's management has committed to ensure the continuity of its construction projects through coordination with its related parties. The management believes this will translate to profitability and financial stability of the Company while its transition to real estate development is still being finalized and carefully planned. Management will also improve collection of the Company's outstanding receivables that it could use in moving its projects forward. Accordingly, the financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization and the satisfaction of liabilities in the normal course of business.

The financial statements do not include any adjustments to reflect possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that might result from the outcome of this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

In 2011, the Company made a detailed review of its contract receivables and advances from customers. As a result of such review, the Company noted that certain receivables must be presented net of the related advances due to the recoupment arrangement relating to the construction contracts. Accordingly, the Company also changed the presentation and classification of these accounts in prior years. Such change has no impact in the Company's deficit in prior years but a third statement of financial position presented to comply with the requirement of the standard.

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2011 that are Relevant to the Company

In 2011, the Company adopted the following amendment, interpretation and annual improvements to PFRS that are relevant to the Company and effective for financial statements for the annual period beginning on or after July 1, 2010 or January 1, 2011:

PAS 24 (Amendment)	:	Related Party Disclosure
Philippine Interpretations International Financial Reporting Interpretations Committee (IFRIC) 19	:	Extinguishing Financial Liabilities with Equity Instruments
Various Standards	:	2010 Annual Improvements to PFRS

Discussed below are relevant information about these interpretation, amended standards and annual improvements.

(i) PAS 24 (Amendment), *Related Party Disclosures* (effective from January 1, 2011). The amendment simplifies and clarifies the definition of a related party by eliminating inconsistencies in determining related party relationships. The amendment also provides partial exemption from the disclosure requirements for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of this amendment did not result in any significant change on the Company's disclosures of related parties in its financial statements.

(ii) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective from July 1, 2010). This interpretation clarifies the accounting when an entity renegotiates the terms of a financial liability through issuance of equity instruments to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:

- the issue of equity instruments to a creditor to extinguish all or part of a financial liability is consideration paid in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*;

- the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;

- if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,

- the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

The adoption of the interpretation did not have a material effect on the Company's financial statements as it did not extinguish financial liabilities through equity swap during the year.

(iii) 2010 Annual Improvements to PFRS. Most of these amendments became effective for annual periods beginning on or after July 1, 2010 or January 1, 2011. Among those improvements, only the following amendments were identified to be relevant to the Company's financial statements but which did not have any material impact on its financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements: Clarification of Statement of Changes in Equity* (effective from July 1, 2010). The amendment clarifies that, for each component of equity, an entity may present an analysis of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Company does not have any other comprehensive income, thus, this amendment has no significant impact on the Company's financial statements.

- PFRS 7 (Amendment), *Financial Instruments: Clarification of Disclosures* (effective from January 1, 2011). The amendment clarifies the disclosure requirements which emphasize the interaction between quantitative and qualitative disclosures about the nature and extent of risks arising from financial instruments. It also amends the required disclosure of financial assets including the financial effect of collateral held as security. This amendment has no significant effect on the financial statements since the Company already provides adequate information in its financial statements in compliance with the disclosure requirements.

(b) Effective in 2011 that are not Relevant to the Company

The following amendments and improvements to PFRS are mandatory for accounting periods beginning on or after January 1, 2011 but are not relevant to the Company's financial statements:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Classification of Rights Issues
PFRS 1 (Amendments)	:	First-time Adoption of PFRS – Limited Exemption from PFRS 7 Comparative Disclosures
2010 Annual Improvements		
PAS 21 (Amendment)	:	The Effects of Changes in Foreign Exchange Rates
PAS 28 (Amendment)	:	Investment in Associates
PAS 31 (Amendment)	:	Interests in Joint Ventures
PAS 34 (Amendment)	:	Interim Financial Reporting – Significant Events and Transactions
PFRS 3 (Amendment)	:	Business Combinations
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Clarification of Disclosures
IFRIC 13 (Amendment)	:	Customer Loyalty Programmes – Fair Value Award Credits

(c) Effective Subsequent to 2011 but not Adopted Early

There are new and amended PFRS that are effective for periods subsequent to 2011. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets* (effective from July 1, 2011). The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Company does not usually enter into this type of arrangement with regard to transfer of financial asset; hence, the amendment may not significantly change the Company's disclosures in its financial statements.

(ii) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss; and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Company's management does not expect this amendment to have a material impact on the financial statements since the Company has no other comprehensive income items.

(iii) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The Company is yet to assess the impact of this new standard.

(iv) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39 in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being finalized.

The Company does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Company and is committed to conduct a comprehensive study of the potential impact of this standard to assess the impact of all changes.

2.3 Financial Assets

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

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs.

The Company's financial assets are categorized as loans and receivables and HTM investments. A more detailed description of these categories is as follows:

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

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

(b) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. HTM investments are included in current assets in the statement of financial position.

Subsequent to initial recognition, the investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired. Any changes to the carrying amount of the investment, including impairment loss, are recognized in profit or loss.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

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

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.4 Property and Equipment

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

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Construction equipment	5-10 years
Furniture and fixtures	3 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.10).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

2.5 Financial Liabilities

Financial liabilities, which include the Company's trade and other payables (except tax-related payables and advances from customers) and due to related parties, are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payment.

Financial liabilities are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as an expense in profit or loss under the caption Finance Costs in the statement of comprehensive income.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.6 Provisions and Contingencies

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

2.7 Revenue and Cost Recognition

Revenue comprises revenue from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Company for goods sold and services rendered, excluding value-added tax (VAT) and discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Contract revenues and costs* – Revenue is recognized based on the actual work done which is consistent with the percentage-of-completion method. Under this method, revenues are recognized in proportion to the actual cost incurred as a percentage of total estimated costs for each contract as determined and certified by project engineers. Costs are recognized based on actual costs incurred (see Note 2.8).

(b) *Forfeiture income* – Revenue is recognized when the performance of contractually agreed tasks is not completed by the subcontractors within the specified time as agreed in the contract. Forfeiture income is presented as part of Other Operating Income in the statements of comprehensive income.

(c) *Interest* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset. Interest income is presented as part of Finance Income in the statements of comprehensive income.

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

2.8 Construction Contracts

Contract costs are recognized when incurred.

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

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Adjustments in the contract price or the estimated costs are recorded prospectively when they become known.

The Company uses the percentage-of-completion method to determine the appropriate amount to recognize as revenue in a given period. The stage of completion is measured with reference to actual stage of completion of the project as a percentage of total estimated costs for each contract as determined and certified by project engineers.

Costs incurred during the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as part of other current assets.

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

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

2.9 Leases – Company as Lessee

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

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

2.10 Impairment of Non-financial Assets

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

Impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flow.

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

2.11 Employee Benefits

(a) Post-employment Defined Benefit Plan

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

In 2009, the liability recognized in the statement of financial position for defined benefit post-employment plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past-service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

In 2011 and 2010, as the Company had only one qualified and regular employee left at end of year, the estimated cost of post-employment benefit was computed based on Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, discounted using the relevant Philippine Dealing and Exchange Corporation (PDEX) rate. R.A. No. 7641 is also a form of defined benefit plan.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

2.12 Income Taxes

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

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

2.13 Related Party Transactions

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

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

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

2.14 Equity

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

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

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

2.15 Loss Per Share

Loss per share is computed by dividing the net loss by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current year.

Diluted loss per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

2.16 Events After the Reporting Period

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) HTM Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM investments, the Company evaluates its intention and ability to hold such investments up to maturity. Management has confirmed its intention and determined its ability to hold the investments up to maturity. If the Company fails to keep these investments to maturity other than for specific circumstances as allowed under the standards, it will be required to reclassify the whole class as AFS financial assets. In such a case, the investments would therefore be measured at fair value, not at amortized cost.

(b) Operating and Finance Leases

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

(c) Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and contingencies are discussed in Note 2.6 and relevant disclosures are presented in Note 19.

3.2 Key Sources of Estimation Uncertainty

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

a) Allowance for Impairment of Receivables

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

The carrying value of receivables and the analysis of allowance for impairment on such financial assets are shown in Note 5.

b) Useful Lives of Furniture and Fixtures

The Company estimates the useful lives of furniture and fixtures based on the period over which the assets are expected to be available for use. The estimated useful lives of furniture and fixtures are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of furniture and fixtures are analyzed in Note 8. Based on management's assessment as of December 31, 2011, 2010 and 2009, there is no change in estimated useful lives of furniture and fixtures during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

c) Recoverability of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. In 2011, 2010 and 2009, the management believes based on its recent evaluation that the Company may not realize the tax benefit of the temporary differences, hence, did not recognized any deferred tax assets (see Note 15).

d) Impairment of Non-financial Assets

The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.10. Though management believes that the assumptions used in the estimation of fair values are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No additional impairment loss must be recognized in 2011, 2010 and 2009 based on management's assessment.

e) Post-employment Benefit

The determination of the Company's obligation and cost of post-employment benefit in 2009 is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 14.2 and include, among others, discount rates, salary increase rate and employee turnover. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

In 2011 and 2010, since the Company has only one qualified regular employee (see Note 1.1), the Company's obligation and cost of post-employment benefit was computed based on the provisions of R.A. No. 7641 discounted using relevant PDEX rate. Management believes that the difference between the alternative estimation done by management of the Company's retirement benefit obligation and that of projected unit credit method prescribed by PAS 19 will not have any significant effect on the financial statements.

The estimated retirement benefit obligation amounts to P0.5 million as of December 31, 2011 and 2010 and 0.7 million as of December 31, 2009 (see Note 14.2).

f) Provision for Repairs

The Company offers warranties for its construction projects for a period of one year from date of completion. Management estimates the related provision for future repairs based on historical repair information, as well as recent trends that might suggest that past cost information may differ from future claims. The Company recognized additional provision for repairs amounting to P10,050 in 2010 and P1.0 million in 2009, which is presented as part of Repairs and Maintenance account under Other Operating Expenses (see Note 13). No additional provision for repair was recognized in 2011 based on management's assessment.

g) Provision for Contract Losses

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

No provision for contract losses was recognized in 2011, 2010 and 2009 based on management's assessment.

h) Revenue Recognition Using the Percentage-of-Completion

The Company uses the percentage-of-completion method in accounting for its revenue. Use of percentage-of-completion requires the Company to estimate the portion completed as of the reporting period as a proportion of the total estimated cost as determined and certified by the project engineers.

Based on management's assessment, the estimate of percentage-of-completion will not materially differ from the actual percentage-of-completion based on the progress and status of construction projects as of the reporting period. Accordingly, management believes that no adjustment is necessary on the recorded contract revenue and contract costs.

4. CASH AND CASH EQUIVALENTS

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

	Note	**2011**	2010	2009
Cash on hand and in banks		**P 1,683,843**	P 811,259	P 919,758
Short-term placements	6	**2,060,397**	-	1,955,352
		P 3,744,240	P 811,259	P 2,875,110

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for a period of 90 days and earn effective interest rates of 1.75% to 3.25% in 2011, 2.75% to 3.50% in 2010 and 2.75% to 5.00% in 2009. Interest income is presented as part of Finance Income in the statements of comprehensive income.

5. RECEIVABLES

This account is composed of the following:

	Note	2011	2010	2009
Current:				
Contracts receivable	16.1	P **92,543,683**	P 86,959,124	P 83,508,089
Advances to:				
Related parties	16.2	**13,779,558**	13,779,558	15,738,796
Officers and employees		**-**	-	29,023
Others		**19,427**	-	732,528
		106,342,668	100,738,682	100,008,436
Allowance for impairment	16.2	**(48,976,286)**	(36,355,336)	(28,593,436)
		57,366,382	64,383,346	71,415,000
Other non-current receivables		**28,000**	96,918	96,918
		P 57,394,382	P 64,480,264	P 71,511,918

Contracts receivable is broken down as follows:

	2011	2010	2009
Billed	P **76,874,385**	P 72,333,625	P 55,054,201
Unbilled	**-**	-	13,318,306
	76,874,385	72,333,625	68,372,507
Retention	**15,669,298**	14,625,499	15,135,582
	P 92,543,683	P 86,959,124	P 83,508,089

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain receivables were identified to be impaired, hence, adequate amount of allowance for impairment have been recognized. The impaired receivables pertain to long outstanding contract receivables and advances to related parties.

A reconciliation of the allowance for impairment at the beginning and end of 2011, 2010 and 2009 is shown below.

	Note	2011	2010	2009
Balance at beginning of year		P **36,355,336**	P 28,593,436	P 16,621,546
Impairment loss during the year	13.1	**12,620,950**	7,761,900	11,971,890
Balance at end of year		**P 48,976,286**	P 36,355,336	P 28,593,436

Management considers the net carrying amount of the current receivables to be a reasonable approximation of fair value because of the short duration of the accounts.

6. HTM INVESTMENT

The HTM investment pertains to investment in government securities which was acquired on November 22, 2010. The total investment amounted to P2.0 million with a yield to maturity rate of 4.19%. This investment matured on January 24, 2011.

The Company recognized income amounting to P9,300 HTM investment and is presented as part of Finance Income in the 2010 statement of comprehensive income.

The investment in government securities was reverted to short-term investment after its maturity in 2011. This is presented as part of Cash and Cash Equivalents in the statements of financial position (see Note 4).

7. OTHER CURRENT ASSETS

This account consists of:

	2011	2010	2009
Creditable withholding tax	**P 18,141,727**	P 17,769,391	P 16,938,959
Advances to contractors and suppliers	**3,409,631**	61,351	3,144,644
Others	**45,893**	45,893	146,524
	P 21,597,251	P 17,876,635	P 20,230,127

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment and impairment at the beginning and end of 2011, 2010 and 2009 are shown below.

	Furniture and Fixtures	**Leasehold Improvements**	**Construction Equipment**	**Total**
December 31, 2011				
Cost	P 9,699,714	P -	P -	P 9,699,714
Accumulated depreciation	(9,520,773)	-	-	(9,520,773)
Accumulated impairment	(177,116)	-	-	(177,116)
Net carrying amount	**P 1,825**	**P -**	**P -**	**P 1,825**
December 31, 2010				
Cost	P 9,699,714	P -	P -	P 9,699,714
Accumulated depreciation	(9,517,117)	-	-	(9,517,117)
Accumulated impairment	(177,116)	-	-	(177,116)
Net carrying amount	P 5,481	P -	P -	P 5,481
December 31, 2009				
Cost	P 9,693,911	P -	P -	P 9,693,911
Accumulated depreciation	(9,511,893)	-	-	(9,511,893)
Accumulated impairment	(177,116)	-	-	(177,116)
Net carrying amount	P 4,902	P -	P -	P 4,902

	Furniture	Leasehold	Construction	
January 1, 2009				
Cost	P 9,693,911	P 1,098,630	P 5,391,364	P 16,183,905
Accumulated depreciation and amortization	(9,491,242)	(1,098,630)	(4,178,596)	(14,768,468)
Accumulated impairment	(177,116)	-	(498,777)	(675,893)
Net carrying amount	P 25,553	P -	P 713,991	P 739,544

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2011, 2010 and 2009 is shown below.

	Furniture and Fixtures	Leasehold Improvements	Construction Equipment	Total
Balance at January 1, 2011, net of accumulated depreciation and impairment	P 5,481	P -	P -	P 5,481
Depreciation charges for the year	(3,656)	-	-	(3,656)
Balance at December 31, 2011, net of accumulated depreciation and impairment	**P 1,825**	**P -**	**P -**	**P 1,825**
Balance at January 1, 2010, net of accumulated depreciation and impairment	P 4,902	P -	P -	P 4,902
Additions	5,803	-	-	5,803
Depreciation charges for the year	(5,224)	-	-	(5,224)
Balance at December 31, 2010, net of accumulated depreciation and impairment	P 5,481	P -	P -	P 5,481
Balance at January 1, 2009, net of accumulated depreciation, amortization and impairment	P 25,553	P -	P 713,991	P 739,544
Disposals	-	-	(466,593)	(466,593)
Depreciation charges for the year	(20,651)	-	(247,398)	(268,049)
Balance at December 31, 2009, net of accumulated depreciation, amortization and impairment	P 4,902	P -	P -	P 4,902

The amount of depreciation and amortization is allocated as follows:

	Notes	2011	2010	2009
Contract costs	11	**P -**	P -	P 247,398
Administrative expenses		**3,656**	5,224	20,651
	13	**P 3,656**	P 5,224	P 268,049

The Company sold certain property and equipment with total net book value of P0.5 million in 2009. Loss on sale amounted to P0.1 million in 2009 and is shown as part of Other Losses in the 2009 statement of comprehensive income. No disposal of property and equipment was made in 2011 and 2010.

As of December 31, 2011, 2010 and 2009, fully depreciated assets with total cost of P9.7 million are still in use.

9. TRADE AND OTHER PAYABLES

This account consists of:

	Note	2011	2010	2009
Deferred output VAT	22.1(a)	**P 11,251,119**	P 10,807,237	P 10,268,503
Advances from customers		**6,544,397**	3,176,655	4,370,686
Retention fees		**2,680,908**	2,340,905	2,958,895
Trade payables		**2,436,765**	2,436,764	2,758,079
Output VAT	22.1(a)	**118,178**	87,779	-
Accrued subcontractors' fees		**19,148**	21,754	531,468
Other payables and accrued expenses		**1,053,817**	433,118	717,787
		P 24,104,332	P 19,304,212	P 21,605,418

Due to short duration, the carrying amounts of trade and other payables recognized in the statements of financial position are considered by the management to be a reasonable approximation of their fair values.

10. DUE TO RELATED PARTIES

The Company's outstanding balances due to related parties are shown below (see Note 16.2).

	2011	2010	2009
Extraordinary Development Corporation	**P 5,072,001**	P -	P -
Prosperity Builders Resources, Inc.	**39,245**	39,245	39,245
	P 5,111,246	P 39,245	P 39,245

11. CONTRACT COSTS

The details of this account are shown below (see Note 13).

	Notes	2011	2010	2009
Subcontractors' fee		**P 18,493,879**	P 34,656,499	P 57,560,299
Construction materials used		**-**	-	12,639,846
Construction overhead:				
Taxes and licenses	22.1(f)	**290,221**	319,286	127,112
Repairs and maintenance		**-**	-	2,576,010
Indirect labor		**-**	-	589,746
Depreciation and amortization	8	**-**	-	247,398
Utilities and communication		**-**	-	12,817
Miscellaneous		**-**	-	253,706
		P 18,784,100	P 34,975,785	P 74,006,934

12. OTHER OPERATING INCOME

Presented below are the details of other operating income.

	Note	2011	2010	2009
Gain on curtailment	14.2	**P -**	P 289,498	P -
Forfeiture income		**-**	-	594,225
Miscellaneous		**36,517**	38,393	21,071
		P 36,517	P 327,891	P 615,296

13. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	2011	2010	2009
Outside services		**P 18,493,879**	P 34,656,499	P 57,560,299
Impairment loss on receivables	5	**12,620,950**	7,761,900	11,971,890
Salaries and employee benefits	14.1	**804,304**	1,143,271	4,120,792
Taxes and licenses	22.1(f)	**677,023**	1,061,517	1,329,924
Professional fees		**441,250**	417,500	487,000
Rental		**144,000**	144,000	151,579
Utilities and communication		**100,389**	108,690	209,757
Depreciation and amortization	8	**3,656**	5,224	268,049
Repairs and maintenance		**-**	10,050	3,597,244
Construction materials used		**-**	-	12,639,846
Miscellaneous		**2,122,223**	1,222,195	4,235,638
		P 35,407,674	P 46,530,846	P 96,572,018

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

	Note	2011	2010	2009
Contract costs	11	**P 18,784,100**	P 34,975,785	P 74,006,934
Administrative expenses		**14,400,962**	10,214,126	17,364,977
Other operating expenses		**2,222,612**	1,340,935	5,200,107
		P 35,407,674	P 46,530,846	P 96,572,018

14. EMPLOYEE BENEFITS

14.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits (see Note 13) are presented below.

	2011	2010	2009
Short-term employee benefits	**P 771,066**	P 1,143,271	P 3,344,286
Post-employment benefit	**33,238**	-	186,760
Termination benefits	**-**	-	589,746
	P 804,304	P 1,143,271	P 4,120,792

The Company retrenched project-employees in 2008 in line with the plan of shifting its core business operations from construction to real estate development. In 2009, two administrative employees were retrenched. Total termination benefits amounted to P0.6 million. No employees were terminated in 2011 and 2010. As of December 31, 2011 and 2010, the Company has only one employee administering managerial function to the Company.

14.2 Post-employment Benefit

The Company maintains an unfunded, noncontributory post-employment defined benefit plan covering all regular full-time employees. Brought by the retrenchment of project-based employees in 2008, the Company no longer obtained updated actuarial valuation report. The projected cost for the 2009 post-employment benefit cost of the remaining administrative employees is based on projections of the 2008 valuation.

The retirement benefit obligation of the Company to its only employee as of December 31, 2011 and 2010, were computed using the provisions of R.A. No. 7641, discounted using the PDEX rate of 5.59% and 8.1%, respectively.

Retirement benefit obligation amounted to P0.5 million, P0.5 million and P0.7 million as of December 31, 2011, 2010 and 2009, respectively. The decrease in retirement benefit obligation in 2010 amounting to P0.3 million, is presented under Other income in the 2010 statement of comprehensive income (see Note 12).

The amount of retirement benefit obligation recognized in the 2009 statement of financial position is determined as follows:

Present value of the obligation	P 748,820
Unrecognized actuarial losses	(6,423)
Retirement benefit obligation	P 742,397

The movements in the present value of retirement benefit obligation recognized in the 2009 books are as follows:

Balance at beginning of year	P 562,060
Current service costs and interest costs	186,760
Balance at end of year	P 748,820

The amounts of post-employment benefit expense recognized in the 2009 statement of comprehensive income were as follows:

Current service costs	P 127,687
Interest costs	59,073
Post-employment benefit expense	P 186,760

The historical information of the present value of the defined benefit obligation and deficit in the plan (in thousands) are shown below.

	2011	2010	2009	2008	2007
Present value of the obligation	**P 486**	P 453	P 749	P 562	P 3,104
Fair value of plan assets	**-**	-	-	-	-
Deficit in the plan	**P 486**	P 453	P 749	P 562	P3,104

In determining the retirement benefit obligation as of December 31, 2009, the following actuarial assumptions were used:

Discount rates	11%
Expected rate of salary increases	8%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average expected remaining working life of employees retiring at the age of 60 is 19 years for males and females.

15. TAXES

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

	2011	2010	2009
Current tax expense:			
Minimum corporate income tax (MCIT) at 2%	**P 86,039**	P 81,525	P 145,524
Final tax at 20%	**14,728**	17,871	52,222
	100,767	99,396	197,746
Deferred tax expense resulting from derecognition of deferred tax assets	**-**	-	11,574,177
	P 100,767	P 99,396	P 11,771,923

The reconciliation of tax on pretax loss computed at the applicable statutory rates to tax expense reported in profit or loss is as follows:

	2011	2010	2009
Tax on pretax loss at 30%	**(P 3,674,392)**	(P 1,921,034)	(P 4,075,369)
Adjustment for income subjected to lower income tax rate	**(7,364)**	(8,935)	(26,111)
Tax effects of:			
Unrecognized deferred tax assets	**3,158,570**	2,219,016	(2,473,960)
Expired net operating loss carry-over (NOLCO)	**535,018**	-	-
Application of previously unrecognized NOLCO	**(384,965)**	(102,068)	-
Non-deductible expenses	**285,193**	17,147	425,337
Expired MCIT	**188,407**		
Non-taxable income	**-**	(104,730)	-
Derecognized deferred tax assets	**-**	-	17,922,026
Tax expense	**P 100,767**	P 99,396	P 11,771,923

In 2009, the remaining recognized deferred tax assets as of December 31, 2008 arising from deductible temporary differences were derecognized as management believes that the related tax benefit may no longer be realized.

The details of unrecognized deferred tax assets as of December 31, 2011, 2010 and 2009 are as follows:

	2011		2010		2009	
	Amount	**Tax**	Amount	Tax	Amount	Tax
Impairment of trade and other receivables	**P 48,976,286**	**P 14,692,886**	P 36,355,336	P 10,906,601	P 28,593,436	P 8,578,031
NOLCO	**20,674,416**	**6,202,325**	23,742,027	7,122,608	35,887,388	10,766,216
Retirement benefit obligation	**486,137**	**145,841**	452,899	135,870	742,397	222,719
Provision for repairs	**473,678**	**142,103**	473,678	142,103	821,111	246,333
MCIT	**313,088**	**313,088**	415,456	415,456	644,099	644,099
Impairment of property and equipment	**177,116**	**53,135**	177,116	53,135	177,116	53,135
	P 71,100,721	**P 21,549,378**	P 61,616,512	P 18,775,773	P 66,865,547	P 20,510,533

The Company is subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations. The Company is liable to pay MCIT in 2011, 2010 and 2009 as it was higher than RCIT.

The breakdown of NOLCO, which can be claimed as deduction from future taxable income within three years from the year the taxable loss was incurred, is shown below.

Year Incurred	Amount	Applied Balance	Expired Balance	Remaining Balance	Valid Until
2009	P 20,674,416	P -	P -	P 20,674,416	2012
2008	3,067,611	1,283,217	1,784,394	-	2011
	P 23,742,027	P 1,283,217	P 1,784,394	P20,674,416	

In 2011, the Company claimed as deduction from its taxable income portion of its available NOLCO incurred in 2008 amounting to P1.3 million. The remaining NOLCO incurred in 2008 amounting to P1.8 million expired during the year.

The details of MCIT, which the Company can claim against future RCIT, are shown below.

Year Incurred	Amount	Expired MCIT	Remaining Balance	Valid Until
2011	P 86,039	P -	P 86,039	2014
2010	81,525	-	81,525	2013
2009	145,524	-	145,524	2012
2008	188,407	188,407	-	2011
	P 501,495	P 188,407	P 313,088	

In 2011, 2010 and 2009, the Company opted to continue claiming itemized deductions.

16. RELATED PARTY TRANSACTIONS

The Company's related parties include entities under common ownership or control, and the Company's key management for the years ended December 31, 2011, 2010 and 2009. The following are the significant transactions of the Company with related parties:

16.1 Rendering of Services

The Company renders construction services for certain real estate projects of related parties under common ownership.

The breakdown of the construction services rendered to related parties under common ownership are as follows. These are presented as Contract Revenues in the statements of comprehensive income.

	2011	2010	2009
Verdant Point Development Corporation (VDC)	**P 23,049,541**	P 38,830,492	P 78,694,680
Acerhomes Development Corporation (ADC)	**-**	530,563	3,416,372
	P 23,049,541	P 39,361,055	P 82,111,052

The related outstanding balances on construction services rendered to related parties under common ownership as of December 31, 2011, 2010 and 2009 are as follows (see Note 5):

	2011	2010	2009
Verdant Point Development Corporation (VDC)	**P 64,889,730**	P 59,305,171	P 52,456,289
Acerhomes Development Corporation (ADC)	**10,531,453**	10,531,453	11,186,595
Extraordinary Development Corporation (EDC)	**8,199,023**	8,199,023	10,757,210
Earth + Style Corporation (ESC)	**4,846,767**	4,846,767	4,708,870
Earth Aspire Corporation (EAC)	**1,641,594**	1,641,594	1,641,594
Earth Prosper Corporation (EPC)	**1,330,131**	1,330,131	1,329,983
First Advance Development Corporation (FADC)	**773,152**	773,152	892,016
EDC – ESC	**331,833**	331,833	535,532
	92,543,683	86,959,124	83,508,089
Allowance for impairment	**(40,268,729)**	(27,873,800)	(23,056,884)
	P 52,274,954	P 59,085,324	P 60,451,205

The outstanding balances are shown as Contracts Receivable under the Trade and Other Receivables account in the statements of financial position (see Note 5). The composition of the outstanding balances of Contracts Receivable are as follows:

	2011		
	Trade Receivables	**Retention Receivables**	**Total**
VDC	P 57,663,549	P 7,226,181	P 64,889,730
ADC	9,069,553	1,461,900	10,531,453
EDC	7,340,485	858,538	8,199,023
ESC	137,897	4,708,870	4,846,767
EAC	1,241,476	400,118	1,641,594
EPC	599,055	731,076	1,330,131
FADC	773,152	-	773,152
EDC – ESC	49,218	282,615	331,833
	76,874,385	15,669,298	92,543,683
Allowance for impairment	(28,035,753)	(12,232,976)	(40,268,729)
	P 48,838,632	**P 3,436,322**	**P 52,274,954**

	2010		
	Trade Receivables	Retention Receivables	Total
VDC	P 53,122,789	P 6,182,382	P 59,305,171
ADC	9,069,554	1,461,900	10,531,454
EDC	7,340,484	858,538	8,199,023
EPC	599,055	731,076	1,330,131
ESC	137,897	4,708,870	4,846,767
FADC	773,152	-	773,152
EAC	1,241,476	400,118	1,641,594
EDC – ESC	49,218	282,615	331,833
	72,333,625	14,625,499	86,959,124
Allowance for impairment	(19,517,132)	(8,356,668)	(27,873,800)
	P 52,816,493	P 6,268,831	P 59,085,324

	2009		
	Trade Receivables	Retention Receivables	Total
VDC	P 45,944,937	P 6,511,352	P 52,456,289
ADC	9,543,582	1,643,013	11,186,595
EDC	9,898,672	858,538	10,757,210
EPC	598,907	731,076	1,329,983
ESC	-	4,708,870	4,708,870
FADC	892,016	-	892,016
EAC	1,241,476	400,118	1,641,594
EDC – ESC	252,917	282,615	535,532
	68,372,507	15,135,582	83,508,089
Allowance for impairment	(15,641,381)	(7,415,503)	(23,056,884)
	P 52,731,126	P 7,720,079	P 60,451,205

16.2 Advances to/from Related Parties

The Company grants and obtains unsecured, noninterest-bearing cash advances to and from related parties other than officers and directors for working capital requirements. The details of advances to/from related parties are shown below.

	Notes	**2011**	2010	2009
Advances to related parties under common ownership:				
Balance at beginning of year		**P 13,779,558**	P 15,738,796	P 13,580,311
Additions		**-**	-	2,248,688
Write-off		**-**	-	(40,203)
Repayments		**-**	(1,959,238)	(50,000)
	5	**13,779,558**	13,779,558	15,738,796
Allowance for impairment	5	**(8,707,557)**	(8,481,536)	(5,536,552)
Balance at end of year		**P 5,072,001**	P 5,298,022	P 10,202,244
Advances from related parties under common ownership:				
Balance at beginning of year		**P 39,245**	P 39,245	P 39,245
Additions		**5,072,001**	-	-
Balance at end of year	10	**P 5,111,246**	P 39,245	P 39,245

The outstanding balance of advances to related parties shown as Advances to Related Parties under Trade and Other Receivables (see Note 5) are as follows:

	2011	2010	2009
City and Life Property, Inc.	**P 5,883,858**	P 5,883,858	P 5,883,858
Prosperity Builders Resources, Inc.	**5,478,194**	5,478,194	5,478,194
Supreme Housing Builders, Inc.	**2,417,506**	2,417,506	1,959,239
EDC	**-**	-	2,417,505
	P13,779,558	P 13,779,558	P 15,738,796

Management considers the carrying amounts of advances to/from related parties to be a reasonable approximation of their fair values due to their short duration as these advances are payable in cash upon demand.

16.3 Key Management Personnel Compensations

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

	2011	2010	2009
Short-term employment benefits	**P 771,066**	P 1,143,271	P 2,008,833
Post-employment benefit	**33,238**	-	597,756
	P 804,304	P 1,143,271	P 2,606,589

17. CAPITAL STOCK

As of December 31, 2011, 2010 and 2009, the Company has a total authorized capital stock of 155,000,000 common shares with P1.00 par value per share. As of those dates, it has a total issued and outstanding shares amounting to P110.0 million equivalent to 110,000,000 shares.

On December 19, 2003, the SEC approved the listing of the Company's shares totaling 50,000,000. The shares were initially issued at an offer price of P1.10 per share. Such listed shares closed at P0.80 per shares as of May 11, 2009. No further trading of its shares has occurred since May 11, 2009.

18. LOSS PER SHARE

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

	2011	2010	2009
Net loss	**P 12,348,741**	P 6,502,841	P 25,356,486
Divided by the weighted average number of outstanding common shares	**110,000,000**	110,000,000	110,000,000
Basic and diluted loss per share	**P 0.112**	P 0.059	P 0.231

The Company has no dilutive potential common shares as of December 31, 2011, 2010 and 2009; hence, diluted loss per share is equals the basic loss per share.

19. COMMITMENTS AND CONTINGENCIES

19.1 Operating Lease Commitments – Company as Lessee

The Company is a lessee under a non-cancellable operating lease agreement covering office space. The lease has a term of one year and with renewable options. Total rental of this operating lease amounted to P0.1 million in 2011, P0.1million in 2010, and P0.2 million in 2009.

19.2 Others

There are commitments, guarantees, and contingent liabilities relating to construction projects entered into by the Company that arise in the normal course of operations which are not reflected in the financial statements. As of December 31, 2011, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's financial statements.

20. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The Company's risk management is coordinated with the board of directors, and focuses on actively securing the Company's short- to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

20.1 Market Risk

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

(a) Foreign Currency Risk

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

(b) Interest Rate Risk

As at December 31, 2011, 2010 and 2009, the Company is exposed to changes in market interest rates through its cash and cash equivalents, which are subject to variable interest rates (see Note 4). All other financial assets and liabilities are not subject to interest rates.

The subsequent paragraph illustrates sensitivity of the loss before tax for the year to a reasonably possible change in interest rates of +/- 0.91% in 2011, +/-1.19% in 2010 and +/-4.97% in 2009 with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

All other variables held constant, if the interest rates increased by 0.91%, 1.19% and 4.97% in 2011, 2010 and 2009, loss before tax would have decreased by P108,692, P23,442 and 99,977, respectively. Conversely, if the interest rate decreased by same percentage, loss before tax would have been higher by the same amount.

20.2 Credit Risk

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

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

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

	Notes	**2011**	2010	2009
Cash and cash equivalents	4	**P 3,744,240**	P 811,259	P 2,875,110
Receivables – net	5	**57,394,382**	64,480,264	71,511,918
HTM investment	6	**-**	2,007,440	-
		P 61,138,622	P 67,298,963	P 74,387,028

The carrying amount of these financial assets is a reasonable approximation of their fair value due to short-term duration.

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

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Cash in banks which are secured by a maximum coverage of P0.5 million for every depositor per banking institution, as provided for under Republic Act (RA) No. 9576, *Amendment to Charter of Philippine Deposit Insurance Corporation,* are also subjected to credit risk.

(b) Receivables

In respect of receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Contract receivables are due from its related parties as the Company's construction projects are concentrated on the projects provided by its related parties. Based on historical information about customer default rates management considers the credit quality of trade receivables that are not past due or impaired to be good.

Some of the unimpaired receivables are past due as at the end of the reporting period. No other financial assets are past due at the end of the reporting period. Receivables past due but not impaired are as follows:

	2011	2010	2009
Not more than three months	**P -**	P 7,958,842	P 20,961,056
More than three months but not more than six months	**-**	8,926,505	382,377
More than six months but not more than one year	**4,031,242**	665,334	-
More than one year	**42,963,121**	17,141,488	4,092,831
	P 46,794,363	P 34,692,169	P 25,436,264

20.3 Liquidity Risk

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

The Company maintains cash to meet its liquidity requirements for up to 60-day periods.

As at December 31, 2011, 2010 and 2009, the Company's financial liabilities amounting to P11.3 million, P5.3 million and P7.0 million, respectively, have contractual maturities within six months to one year from reporting date. The contractual maturities reflect the gross cash flows which approximates the carrying values of the liabilities at the end of the reporting periods.

21. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern (as discussed in Note 1.2) and to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

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

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

	2011	2010	2009
Total liabilities	**P 30,175,394**	P 20,270,034	P 23,208,171
Total equity	**52,562,304**	64,911,045	71,413,886
Debt-to-equity ratio	**0.57 : 1**	0.38 : 1	0.35 : 1

22. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

22.1 Requirements under Revenue Regulations (RR) 15-2010

(a) Output VAT

In 2011, the Company declared output VAT as follows:

	Tax Base	Output VAT
Contract revenues	P 21,418,605	P 2,570,233
Other operating income	38,393	4,607
	P 21,456,998	P 2,574,840

The tax bases of contract revenues and other operating income are based on the Company's gross receipts for the year, hence, may not be the same with the amounts presented in the 2011 statement of comprehensive income.

The outstanding output VAT payable amounting to P118,178 as of December 31, 2011 is presented as Output VAT under the Trade and Other Payables account in the 2011 statement of financial position (see Note 9).

The outstanding deferred output VAT payable of P11,251,119 arising from the uncollected receivables as of December 31, 2011 is presented as Deferred output VAT under the Trade and Other Payables account in the 2011 statement of financial position (see Note 9).

The Company did not have VAT zero-rated and VAT exempt transaction in 2011.

(b) Input VAT

The movements in input VAT in 2011 is summarized below.

Balance at beginning of year	P -
Services lodged under cost of goods sold	2,349,218
Services lodged under other accounts	87,993
Input VAT applied against output VAT	(2,437,211)
Balance at end of year	P -

(c) Taxes on Importation

The Company has not paid or accrued any customs' duties and tariff fees as it has no importations for the year ended December 31, 2011.

(d) *Excise Tax*

The Company did not have any transactions in 2011 which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

In 2011, the Company did not incur any DST since it did not have any transactions in 2011 which are subject to DST.

(f) *(f) Taxes and Licenses*

The details of taxes and licenses (see Notes 13) are broken down as follows:

Business tax	P	639,543
Municipal license and permits		36,980
Annual VAT registration		500
	P	677,023

The amounts of taxes and licenses are allocated as follows:

	Notes		
Contract costs	11	P	290,221
Operating expenses			386,802
	13	P	677,023

(g) *Withholding Taxes*

The details of withholding taxes in 2011 are shown below.

Compensation and benefits	P	19,194
Expanded		5,781
	P	24,975

The Company has no transactions in 2011 which are subject to final tax.

(h) *Deficiency Tax Assessments and Tax Cases*

As of December 31, 2011, the Company does not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open years.

22.2 Requirements Under RR 19-2011

On December 9, 2011, the BIR issued RR 19-2011 which prescribes the new form that will be used for income tax filing covering and starting with periods ending December 31, 2011 and onwards. This recent RR requires schedules of taxable revenues and other non-operating income, costs of sales and services, and itemized deductions, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2011 statement of comprehensive income.

(a) Taxable Revenues

The Company's taxable revenues from rendering of services, which is subject to regular rate, amounted to P23,049,541 for the year ended December 31, 2011.

(b) Deductible Cost of Services

Deductible costs of services for the year ended December 31, 2011, which is subject to regular tax rate, comprises the following:

Cost of construction	P	18,493,879
Taxes, permits and licenses		290,221
	P	18,784,100

(c) Taxable Non-operating and Other Income

The Company's taxable non-operating other income which is subject to regular rate amounting to P36,517.

(d) Itemized Deductions

The Company's itemized deductions for the year ended December 31, 2011 is as follows:

Salaries and employee benefits	P	771,066
Outside services		585,021
Professional fees		441,250
Taxes and licenses		386,802
Subscriptions		278,403
Rental		144,000
Transportation and travel		107,278
Utilities		100,389
Office supplies		19,568
Seminar, training and meetings		13,850
Depreciation and amortization		3,656
Miscellaneous		167,458
Total itemized deductions	P	3,018,741
NOLCO		1,283,217
Total deductions	P	4,301,958

SUPERCITY REALTY DEVELOPMENT CORPORATION
INDEX TO SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2011

UNAPPROPRIATED DEFICIT, AVAILABLE

Statement of Management's Responsibility for the Financial Statements

Independent Auditors' Report on the SEC Supplementary Schedules Filed Separately from the Basic Financial Statements

Supplementary Schedules to Financial Statements (Form 17-A, Item 7)

Supplementary Schedule to Financial Statements (SEC Circular 11)

Supercity Realty Development Corporation
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
As of December 31, 2011

Name and Designation of Debtor	Position	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Non Current	Balance at End of Period
Related Parties								
City and Life Property, Inc.		5,883,858	-	-	-	5,883,858	-	5,883,858
Prosperity Builders Resources, Inc.		5,478,194	-	-	-	5,478,194	-	5,478,194
Extraordinary Development Corporation		-	-	-	-	-	-	-
Supreme Housing Builders, Inc.		2,417,505	-	-	-	2,417,505	-	2,417,505
Total Receivable from Related Parties		13,779,557	-	-	-	13,779,557	-	13,779,557

Supercity Realty Development Corporation
Schedule D. Indebtedness to Unconsolidated Subsidiaries and Related Parties
As of December 31, 2011

Name and Designation of Debtor	Position	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Non Current	Balance at End of Period
Related Parties								
City and Life Property, Inc.		-	-	-	-	-	-	-
Prosperity Builders Resources, Inc.		39,245	-	-	-	39,245	-	39,245
Extraordinary Development Corporation		-	5,072,001	-	-	5,072,001	-	5,072,001
Supreme Housing Builders, Inc.		-	-	-	-	-	-	-
Total Receivable from Related Parties		39,245	5,072,001	-	-	5,111,246	-	5,111,246

Supercity Realty Development Corporation
Schedule I - Capital Stock
December 31, 2011

				Number of shares held by		
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related balance sheet caption*	*Number of shares reserved for options, warrants, coversion and other rights*	*Related parties*	*Directors, officers and employees*	*Others*
Common shares - P1 par value						
Authorized - P155,000,000 shares						
Issued and outstanding - 110,000,000 shares in 2010 and 2009	155,000,000	110,000,000	-	12,160,000	44,035,000	53,805,000

SUPERCITY REALTY DEVELOPMENT CORPORATION
Unit 1223 12/F City & Land Mega Plaza ADB Avenue corner Garnet Road, Ortigas Center, Pasig City

Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2011

DEFICIT AT BEGINNING OF YEAR	(P	46,598,596)
Net Loss Realized during the Year		
Net loss per audited financial statements	(	12,348,741)
DEFICIT AT END OF YEAR	**(P**	**58,947,337)**