SuperCity Realty Development Corporation

Service…   Reliability…   Development…   Care…

Date :	May 20, 2008	File No.	: PSE 2008-011
To :	Atty. Pete M. Malabanan Head, Disclosure Department	From	: SRDC
Subject :	SEC Form 20-IS (Preliminary)		

Gentlemen:

We hereby submit/upload our Preliminary Information Statement reported using SEC Form 20-IS (Preliminary).

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

Thank you.

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

9/F Unit 904 Antel Global Corporate Center, Julia Vargas Ave. Ortigas Center, Pasig City
Tel. No. 638-7779 / 638-77789 / 638-6615   Fax No. 636-5449

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that there will be an annual meeting of stockholders of Supercity Realty Development Corporation (SRDC) on **Wednesday, 25 June 2008.** The time and venue will be announced shortly as soon as physical arrangements have been finalized. The agenda will be as follows:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2007 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of Punongbayan & Araullo as External Auditors
9. Other Matters
10. Adjournment

In accordance with the rules of the Philippine Stock Exchange (PSE), the close of business on **30 May 2008** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

The time of registration for those who are personally attending the meeting will be announced shortly as soon as the physical arrangements have been finalized. All stockholders who will not, are unable, or do not expect to attend the meeting in person are requested to fill out, date, sign and send a proxy to the Corporation at Unit 904 9th Floor Antel Global Corporate Center Julia Vargas Avenue, Ortigas Center, Pasig City, Metro Manila, Philippines. All proxies should be received by the Corporation **at least twelve (12) days** before the meeting, or on or before **13 June 2008**. Proxies submitted shall be validated by a Committee of Inspectors on **16 June 2008** at 9:00 o'clock in the morning at Unit 904 9th Floor Antel Global Corporate Center Julia Vargas Avenue, Ortigas Center, Pasig City. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

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

City of Pasig, Metro Manila, 20 May 2008.

FERDINAND SOLIMAN
Corporate Secretary

SEC Number **A200008385**
File Number ____________

SUPERCITY REALTY DEVELOPMENT CORPORATION
(Company's Full Name)

Unit 904 Antel Global Corporate Center
Julia Vargas Avenue Ortigas Center
Pasig City
(Company Address)

638-7779 / 638-7789
(Telephone Number)

December 31
(Calendar Year Ending – Month & Day)

SEC Form 20-IS (Preliminary)
(Form Type)

____
Amendment Designation (If Applicable)

For Annual Stockholders' Meeting dated June 25, 2008
Period Ended Date

____
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [✓] Preliminary Information Statement

   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter
   SUPERCITY REALTY DEVELOPMENT CORPORATION

3. **METRO MANILA, PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **A200008385**

5. BIR Tax Identification Code **206-816-824**

6. **UNIT 904 ANTEL GLOBAL CORPORATE CENTER JULIA VARGAS AVENUE ORTIGAS CENTER PASIG CITY, 1605**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632)6387779 / (632)6387789**

8. **JUNE 25, 2008 / Time and venue – to be announced.**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **JUNE 03, 2008**

10. ***In case of Proxy Solicitations:***

    Name of Person Filing the Statement/Solicitor: ______________________________

    Address and Telephone No.: ______________________________

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding	
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**

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

Yes ____✓___ No _______

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

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders

(a) The Annual Stockholders' Meeting of Supercity Realty Development Corporation (the "Company" or "SRDC") will be held on Wednesday, June 25, 2008. The time and venue will be announced shortly as soon as physical arrangements have been finalized. The Company's office is located at Unit 904 9th Floor Antel Global Corporate Center Julia Vargas Avenue Ortigas Center Pasig City.

(b) The approximate date on which information statement shall be sent or given to security holders is on June 03, 2008.

Dissenters' Right of Appraisal

The instances stated in Section 81 of the Corporation Code are not among the matters to be acted upon during the Annual Stockholders' Meeting, with respect to which any dissenting stockholder may exercise his appraisal right.

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

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

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) As of April 30, 2008, the Company had 110,000,000 common shares outstanding and each share is entitled to one vote.

(b) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is May 30, 2008.

(c) With respect to the election of seven (7) directors, each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).

(d) Security ownership of certain record and beneficial owners and management

Security Ownership of Certain Record and Beneficial Owners

As of April 30, 2008, 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 is the Chairman/President of the Company.
(2) Mylene Lim is a Managing Director and Treasurer of the Company.
(3) Ferdinand Soliman is a Director and the Corporate Secretary of the Company.

Security Ownership of Management

As of April 30, 2008, 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	Wilfredo Uy	18,000,000	Direct	Filipino	16.36
Common	Mylene Lim	10,850,000	Direct	Filipino	9.86
Common	Ferdinand Soliman	7,150,000	Direct	Filipino	6.50
Common	Rossanna Gallega	1	Direct	Filipino	4.55
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	39,035,001			34.48

Voting Trust Holders of 5% or more

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

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

Directors and Executive Officers

Directors and Executive Officers

The names, ages and periods of service of all the incumbent Directors and Executive Officers of the Company are as follows:

NAME	CITIZENSHIP	AGE	POSITION	PERIODS SERVED
Wilfredo Uy	Filipino	41	Chairman and President	06/27/07 – present
Ferdinand Soliman	Filipino	45	Managing Director and Corporate Secretary	06/09/00 – present
Mylene Lim	Filipino	44	Managing Director and Treasurer	06/27/07 – present
Rosanna Gallega	Filipino	40	Director	06/27/07 - present
Noric Ng	Filipino	32	Director	01/23/02 – present
Maila Paredes	Filipino	37	Director (independent)	06/30/04 - present
Jean Cestina	Filipino	37	Director (independent)	06/30/05 – present
Fernando Mamuyac	Filipino	42	ADGM-Operations	06/09/07 – present
Enrique Cunanan	Filipino	39	ADGM-Finance & Admin	06/09/00 - present

Board of Directors

Except for Fernando Mamuyac and Enrique Cunanan, following are the incumbent members of the Board of Directors who are also nominated herein for election/re-election as members of the Board of Directors for 2008 – 2009:

Wilfredo C. Uy, 41, *Chairman and President*. Mr. Uy is a Filipino citizen, and is a member of the board since the Company's incorporation and became Corporate Treasurer in January 2002 and President/Chairman in June 2008. He graduated from the De La Salle University in 1987 with a Bachelor of Science degree in Commerce, major in Accounting. He is a Certified Public Accountant (CPA) and worked as such since 1988. Being a CPA, he was elected to become a member of the Audit Committee in June 2004. He is also a partner of Ong, Ordoñez & Associates; Director of Great Asia Lighting Inc.; Treasurer of J. Drew Group Inc., and Aristocrat Transportation Inc.; and Corporate Secretary of Infinity Knitcraft Inc.

Ferdinand Z. Soliman, 45, *Managing Director and Corporate Secretary*. Mr. Soliman is a Filipino citizen, and is a member of the board and has been its Corporate Secretary since the Company's incorporation. He became Managing Director in January 2002. In addition, he became a member of the Nomination Committee and of the Compensation and Remuneration Committee on May 12, 2004 and June 30, 2004, respectively. Mr. Soliman graduated from the Holy Angel University in 1985 with a Bachelor of Science degree in Civil Engineering. He also completed the Applied Business Economics Program from the University of Asia and the Pacific in 2002. He is a director of GPS Measurement. He was formerly affiliated with GP Construction & Development Corporation as CE Aide (1983 to 1984);

Torre Planning & Design as Surveyor (1984 to 1985); Nico Construction as Project Engineer (1986 to 1988); White House Development Corporation as Section Head (1988 to 1993); Extraordinary Development Corporation as Project Manager (1994 to 1997); and Earth + Style Corporation as Department Head (1998 to 2001). He handles the Operations group of the Company.

Mylene T. Lim, 44, *Managing Director and Corporate Treasurer*. Ms. Lim is a Filipino citizen, and is a member of the board since the Company's incorporation and became Managing Director in January 2002 and Treasurer during the June 27, 2007 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. During the 27 June 2007 Organizational Meeting of the Board of Directors, Ms. Lim was appointed as member of the Audit and Compensation and Remuneration Committes

Noric Terence T. Ng, 32, *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, 37, *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, 37, *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 17 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. She was appointed as one of the members of the Compensation and Remuneration Committee last 27 June 2007**.**

Rosanna T. Gallega, 40, *Director*, Ms. Gallega is a Filipino citizen. She graduated from the University of Santo Tomas in 1988 with a Bachor of Science degree in Accounting. She is a consultant at Pure and Rich Food International, Inc. and Tropicool Products, Inc. She was formerly affiliated with Sycip Gorres Velayo & Co. as Audit-In-Charge (1998 to 1992); Tetra Pak Phils. Inc. as Senior Accountant (1992 to 1993); Ernst & Young International as Audit Supervisor (1993 to 1995); Extraordinary Development Corporation as Senior Manager (1995 to 2000); and One Asia Development Corporation as Senior Manager (2000 to 2001).

The members of the board shall hold office until their successors are elected and qualified in their stead, or until they shall have resigned or shall have been removed. The annual stockholder's meeting shall be held on June 25, 2008.

<u>Independent Directors</u>

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

The Nomination Committee constituted by the Company's Board of Directors, in a meeting held on April 30, 2008, indorsed the respective nominations in favor of Ms. Maila Paredes (by Mr. Wilfredo Uy) and Ms. Jean Cestina (by Mr. Ferdinand Soliman). Mr. Wilfredo Uy and Mr. Ferdinand Soliman are not related in any manner to the nominees.

Principal Officers

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

Fernando Mamuyac, 42, Acting Deputy General Manager-Operation, Filipino, heads the Operations Unit. Engr. Mamuyac has been with the Company since May 2001, bringing with him more than 10 years of experience in project management gained from the private construction and real estate companies. He graduated from the Technological Institute of the Philippines in 1989 with a Bachelor of Science degree in Civil Engineering. He had attended Executive Training Program and various seminars on leadership, accounting, computer, and other technical seminars from various institutions

Enrique C. Cunanan, 39, *Senior Manager - Finance*, Filipino, heads the Finance Department. Mr. Cunanan has been with the Company since the start of its operation. He graduated from the Pampanga College in 1989 with a Bachelor of Science degree in Commerce and earned units in Masters of Science in Information Technology at the Ateneo Graduate School. He also had several training conducted by the Philippine Institute of Certified Public Accountants. He has been an Accountant since 1991 in several construction firms. He is the Company's Compliance Officer to the Securities and Exchange Commission (SEC) and Corporate Information Officer (CIO) to the PSE.

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings

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

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

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

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

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

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

Certain Relationships and Related Transactions

The 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	
	2007	**2006**	**2007**	**2006**
Extraordinary Development Corporation (EDC)	42,504,922	35,373,898	21,490,034	15,736,509
Acerhomes Development Corporation (ADC)	1,249,885	27,000,366		16,320,720
Earth + Style Corporation (ESC)	48,757,297	40,135,010	10,014,795	25,787,570
VerdantPoint Development Corporation (VDC)	13,381,071	19,672,583	5,733,487	8,100,068
Earth Prosper Corporation (EPC)	20,416,692	10,569,446	7,672,482	2,609,743
Kaiser Realty Devt Corporation (KRDC)	10,627,483	19,626,223	5,010,434	4,350,414
One Asia Development Corporation (OADC)	5,187,742	1,977,560	2,084,880	1,429,163
Earth Aspire Corporation (EAC)	5,823	64,585,973	8,246,094	18,924,171
EDC – ESC		1,324,158	535,532	895,158
First Advance Development Corp (FADC)	21,505,599			
Total	**163,636,514**	**220,265,217**	80,830,832	94,153,516
Less: Allowance for Impairment			13,656,715	0
Ending Balances			**67,174,117**	**94,153,516**

The outstanding balances are shown as Contracts receivable under Trade and Other Receivables account in the balance sheets.

The composition of the outstanding balances is as follows:

	2007			2006		
	Trade Receivables	**Retention Receivables**	**Total**	**Trade Receivables**	**Retention Receivables**	**Total**
EDC	20,857,925	632,109	21,490,034	15,104,400	632,109	15,736,509
ADC	6,449,179	3,176,695	9,625,874	12,626,344	3,694,376	16,320,720
VDC	4,617,235	1,116,251	5,733,487	6,596,416	1,503,652	8,100,068
ESC	2,824,743	7,7190,052	10,014,795	12,852,093	12,935,477	25,787,570
EP	6,449,179	3,176,695	9,625,874	1,584,422	1,025,321	2,609,743
KRDC	5,010,434	0	5,010,434	4,350,414	0	4,350,414
OADC	1,691,393	393,487	2,084,880	35,977	1,393,186	1,429,163
EAC	4,222,508	4,023,586	8,246,094	10,694,789	8,229,382	18,924,171
EDC-ESC	252,917	282,615	535,532	388,192	506,966	895,158
FADC	10,417,720	0	10,417,720			
Total	60,833,206	19,997,625	80,830,832	64,233,047	29,920,469	94,153,516
Impairment	(11,128,600)	(2,528,115)	(13,656,715)	0	0	0
Ending Balance	**49,704,606**	**17,469,510**	**67,174,117**	**64,233,047**	**29,920,469**	**94,153,516**

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, 2007 and 2006, shown as Advances from customers under the Trade and Other Payables account in the balance sheets, amounted to P10,907,428 and P21,367,150, 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:

	2007	2006
Advances to related parties under common stockholders:		
Balance at beginning of year	P 9,218,486	P 9,218,486
Additions	857,802	3,260,907
Repayments	(691,045)	(0)
Balance at end of year, shown as Due from Related Parties	P 12,646,127	P 12,479,370
Advances from related parties under common stockholders	P 0	P 93,882

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.

Certain officers, directors and stockholders of these related parties purchased shares of stock of the Company through the Company's IPO. These shares were fully paid as of Record Date.

Disagreement with Directors

No director has resigned or declined to stand for re-election to the board of directors since June 27, 2007, the date of the last annual meeting of stockholders, because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Compensation of Directors and Executive Officers

Summary Compensation Table

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 2006, 2007 and 2008 (estimate only).

Name and Principal Position	Year	Salary (₱)	Bonus (₱)
Mr. Arthur Lim, Chairman & President, Engr. Mario Vicente Sy, COO Enrique Cunanan, ADGM-Finance/Admin Engr. Fernando Mamuyac, ADGM-Operations Engr. Luisito Pascual, Project Manager	2006 (actual)	4,549,860.00	Nil
	2007 (actual)	4,052302.00	Nil
	2008 (estimate)	4,457,532.20	Nil
All Directors and Officers as a Group Unnamed	2006 (actual)	6,418,230.00	Nil
	2007 (actual)	5,920,672.00	Nil
	2008 (estimate)	6,512,739.20	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.

Independent Public Accountants

For the five (5) most recent fiscal years, the Company's independent public accountant has been Punongbayan & Araullo (P&A) and will be re-nominated for election as such for the current year. From 2001 to 2003, Mr. Benjamin P. Valdez was assigned as engagement partner. For 2004, the Company's account was assigned to Mr. Angel A. Aguilar Jr. For 2005, the account was assigned to Mr. Juan Carlos B. Robles and starting 2006, the account was assigned to Ms. Mailene Sigue-Bisnar. Representatives of P&A are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

External Audit Fees and Services

	2007	2006
Audit and Audit-Related Fees	320,000	300,000
Tax Fees	- nil -	- nil -
All Other Fees	- nil -	- nil -

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

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

OTHER MATTERS

Action with Respect to Reports

The Chairman/President of the Company will render a report on the Company's operations and refer to the Company's audited financial statements as of and for the year ended December 31, 2007. The stockholders will be required to approve the report of the Chairman/President and the audited financial statements as of and for the year ended December 31, 2007.

Matters Not Required to be Submitted

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

Other Proposed Action

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

Management reports which summarize the acts of management for the year 2007, are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereof.

Voting Procedures

1. Votes required

<table>
<tr><th>Proposed Corporate Action</th><th>No. of Votes Required</th></tr>
<tr><td>Election of the members of the Board of Directors</td><td>Seven (7) candidates receiving the highest number of votes shall be declared elected</td></tr>
<tr><td>Approval of Financial Statements and Annual Report</td><td rowspan="3">Majority of the outstanding common shares</td></tr>
<tr><td>Ratification of all acts of Board and Management</td></tr>
<tr><td>Appointment of Auditor</td></tr>
</table>

2. Method of counting

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

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 20 May 2008.

By:

MR. FERDINAND SOLIMAN
Corporate Secretary

MR. ENRIQUE CUNANAN
Officer-In-Charge

SUPERCITY REALTY DEVELOPMENT CORPORATION

BUSINESS AND GENERAL INFORMATION

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, 2007, 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 twenty five (25) years experience in the field of construction, planning and design, (b) Mylene Lim, an architect who has twenty one (21) 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 twenty (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 Projects composed of Jubilation East, Jubilation West, Jubilation South, Springtime County, Evergreen County and Villagio 'd Xavier in Biñan, Laguna, (c) Eastwood Greenview Subdivision in San Isidro, Rodriguez, Rizal, (d) Eastwind Homes & Centella Homes also in San Isidro, Rodriguez, Rizal, (e) Celebrity Place Walk-up Condominium in Quezon City, and (f) Cuidad Nuevo in Naic Cavite.

Corporate Objectives

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

Vision-Mission

Mission Statement

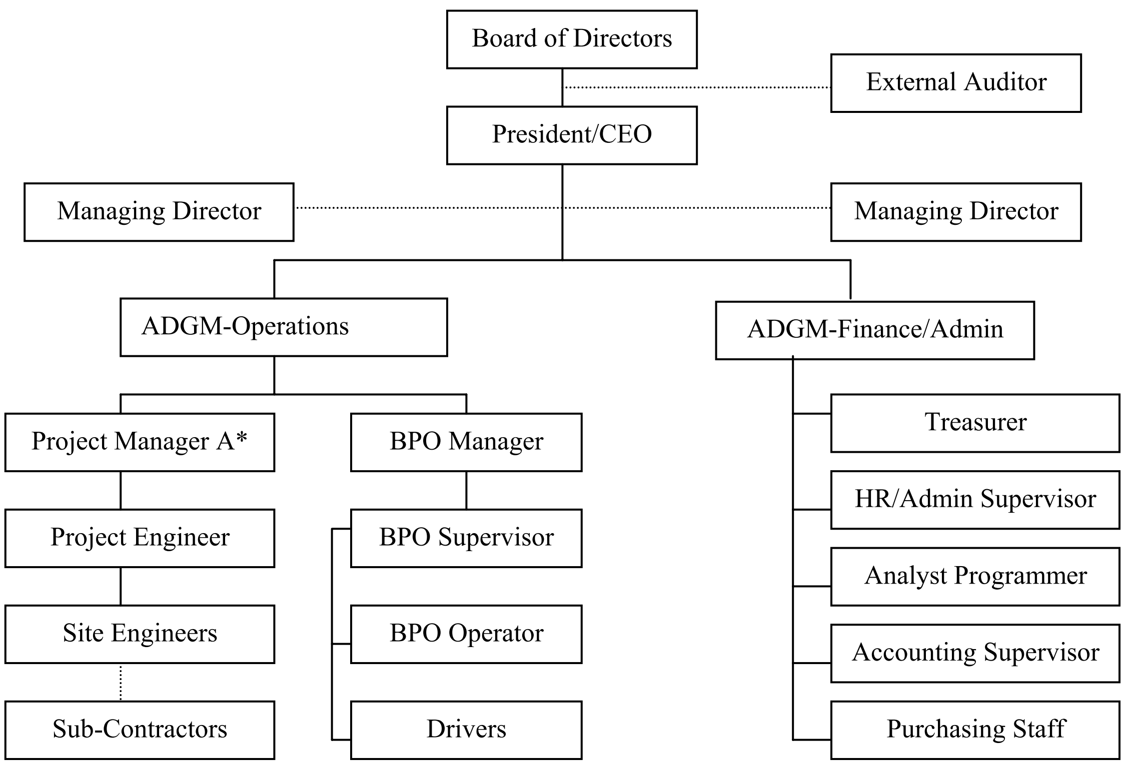
We are a leading construction company engaged in mass housing business providing total customer satisfaction using innovative and cost effective technology with the timely delivery of quality products and services.

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:



*At present, there are five (3) Project Managers handling different projects.

The Company's organization is relatively simple and flat. There are basically two major groups, namely: Operations, and Finance and Administration.

A. Operations Group

The Acting Deputy General Manager–Operation 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

Products and Services

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

1. Construction of Houses

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

2. Land Development

- Earthworks
- Road concreting
- Waterline distribution system
- Box culverts
- Sewerline system
- Drainage system
- Perimeter fences

3. Specialty Works

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

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

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

The contribution of the Company's various products and services to total revenues for the year 2007 are presented in the chart below.

	Amount	**%**
Housing	82,066,835	50.14
Land Development	79,457,684	48.54
Specialty/Miscellaneous Works	2,164,585	1.32
Total	**163,689,104**	**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 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) Piedras Negras Construction & Development Corporation, (b) Cavacon Corporation, (c) RMT Construction, (d) Annex Builders, (e) WFC Construction, (f) J.C. Rodriguez Construction Corporation and (g) Mile-Hi Construction. These competitors are similar to the Company in terms of their primary market and capabilities. The Company has a pool of more than twenty (20) accredited subcontractors for housing, land development, and specialty works. These subcontractors go through screening and accreditation processes to ensure premium quality in its projects. 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 to stay in the competition.

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	Supermix Redi Concrete 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.

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 2008, the Company has been contracted to do the following construction works:

PROJECT NAME	LOCATION	AMOUNT
MCCL-Cabuyao	Cabuyao, Laguna	11,673,400
Parkplace Village	Imus, Cavite	990,000
West Ridge Lane	Dasmarinas, Cavite	4,048,591
Villaggio De Xavier/Mondo	Binan, Laguna	12,830,000
Total		**29,541,991**

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, 2007, the Company had a total of 43 full time employees. Among the Company's employees, 33 are regular employees while 10 are contractual. A summary of the different categories of the Company's employees is as follows.

Category	Number of Employees
Managerial	7
Supervisory	11
Rank and File	25
Total	**43**

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 has started restructuring its organization starting the 1st quarter of 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 labor” 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) F.A. Mendez Construction, Inc., (b) South Horizon Ventures, Inc., (c) Double L Trading and Construction, (d) Mirage Trading, (e) Magnificent Builders, Inc., (f) RXE Builders, (g) Skytech Builders, (h) F.A. Vierneza Enterprises, (i) Challenger Contracting Business, (j) Doban Construction Enterprise, (k) FAMEC Engineering, (m) Vision Electrical Service Contractor, (n) Just Well Builders and Trading, and (o) CPC Construction

Technology

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

A. Steel Wall Form System and T-joist System

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

The steel wall form system combined with T-joist system has several advantages over the conventional CHB system in terms of construction time, cost, durability, aesthetic finish and overhead cost. The technology is designed for quick and easy assembly of housing units. It also utilizes relatively less manpower to construct a house skeleton in around eight (8) hours. This cuts down on labor and materials expenses for low-cost and/or socialized housing intended for mass production. The systems also allow the Company to undertake land development and housing construction at the same time, thereby cutting down construction time.

B. MegaSystem

The Company utilizes the *MegaSystem* computer software for its information management. This internally developed software is a customized 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
- General ledger

The system provides for the timely processing and preparation of project cost estimates, bid proposals, billings, 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.

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 (2) new clients.

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

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

Properties

The principal office of the Company is located at Unit 904, 9th Floor, Antel Global Corporate Center along Julia Vargas Avenue in Ortigas Center, Pasig City to house its office-based employees. The Company currently leases the 142.75 square meter office space from Durex Industries Corporation for a monthly rental of ₱45,118.50. The lease is for a term of three (3) years, or until January 31, 2006, renewable under such terms and conditions agreed upon by both parties. The company renewed its lease for another three (3) years, or until January 31, 2009, for a monthly rental of ₱52,603.04 inclusive of 12% VAT.

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. The Company plans to develop the said property on its own, or in a joint venture within the next two (2) to four (4) years or when its value has appreciated.

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

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.

OPERATIONAL AND FINANCIAL INFORMATION

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, 2003 and as of the last practicable trading day:

Quarter	High	Low
Jan – Mar 2004	1.10	1.10
Apr – June 2004	1.10	1.10
July – Sept 2004	1.10	1.10
Oct – Dec 2004	1.10	1.10
Jan – Mar 2005	1.10	1.10
Apr – June 2005	1.10	1.10
July – Sept 2005	1.10	1.10
Oct – Dec 2005	1.10	1.10
Jan – Mar 2006	1.10	1.10
Apr – June 2006	1.10	1.10
July – Sept 2006	1.10	1.10
Oct – Dec 2006	1.10	1.10
Jan – Mar 2007	2.20	1.32
Apr – June 2007	1.32	1.32
July – Sept 2007	1.32	1.32
Oct – Dec 2007	1.32	1.32
Jan – Mar 2008	1.32	1.32
Last practicable trading date May 19, 2008	1.32	1.32

Holders

The top twenty (20) stockholders of the Company's issued and outstanding shares as of March 31, 2007 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.

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.

Full Fiscal Years

Amounts are in thousand pesos except per share figures		
Key Operating and Financial Indicators	**Audited Figures**	
	2007	**2006**
Income Statement Data		
Revenues	163,689	220,265
Cost and Expenses	180,564	216,415
Income/(loss) From Operations	(16,725)	1,822
Net/(loss) Income	(22,993)	352
Balance Sheet Data		
Current Assets	129,447	160,083
Property and Equipment	7,050	16,087
Investment Property	32,502	32,502
Total Assets	185,020	214,505
Total Liabilities	67,711	77,161
Stockholders' Equity	114,351	137,344
Per Share Data		
Earnings (Loss) per Share*	(0.209)	.003
Book Value per Share**	1.04	1.25

* Based on Weighted Ave. No. of Outstanding Common Shares
** Based on Outstanding Common Shares as of Year-end

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

The Company, also under PFRS, recognized its obligation under post-employment defined benefit plan computed by an actuary determined using the projected unit credit method. The adoption of the related new standard resulted in the recognition of transitional liability amounting to P 965,022 as of January 1, 2004. This transitional liability was fully recognized retrospectively in the Company's opening PFRS balance sheet. This also resulted in the recognition of additional defined benefit expense in 2004 amounting to P 394,908. Correspondingly, the deferred tax expense recognized by the Company due to the temporary differences arising from full recognition of defined benefit obligation amounted to P 435,178 in December 2004 and P 308,807 in January 2004. As of December 31, 2007, the defined benefit obligation recognized in the books amounted to P2,957,351.

2007 Performance

Revenues

In 2007, the Company generated P 163.7M contract revenues, 25.69% lower than previous year revenue of P 220.3M. Fifty and 14/100 percent (50.14%) of the total revenues came from housing projects, 48.54% from land development works and 1.32% from specialty works. A large portion of the revenues came from the Jubilation New Binan Projects which composed of Evergreen County, Villaggio de Xavier, Springtime County, Jubilation East, West and South. Total revenues generated from these projects amounted to P 66.36M or 40.54% of the total revenues. The contribution of the other contracts are as follows: P 57.04M (34.85%) from Mabuhay City project in Cabuyao, Laguna (MCCL), P 20.87M (12.75%) from Ciudad Nuevo in Naic, Cavite, P .90M (0.05%) from Eastwood Greenview Subdivision in Rodriguez, Rizal, P13.39M (8.17%) from Centella Homes in Rodriguez, Rizal, and P 5.12M (3.13%) from West Ridge Lane in Dasamarinas, Cavite. These projects are a combination of land development, housing and specialty construction contracts.

Gross Profit

Gross profit from construction contracts amounted to P 14.9M, 7.79% lower than the previous year's P16.1M. However, the gross profit ratio improved from 7.32% in 2006 to 9.08%. Though the company was successfully able to improve its gross profit ratio, the company generated lower revenue for this year due to stiff competition.

Cost and Expenses

Costs and expenses decreased by 17.71% from P 219.4M in 2006 to P 180.6M in 2007. 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 2007 to 163.7M. Administrative expenses increased from P 13.4M in 2006 to P 25.5M in 2007 due to the increase in repairs and maintenance incurred pertaining to contracts.

Financing costs increased from P1.2 in 2006 to P 13.8M in 2007. The increase was caused by recognition of impairment loss on Company's financial assets.

Other Gains - net

Other Gains-net decreased from P .97M in 2006 to P .15M in 2007. In 2006, there were sales of Ready Mixed Concrete (RMC) to outside entities. In 2007, there were no such sales.

Income from Operations

Income from operations generated in 2006 amounted to P 1.82M. In 2007 it had an operating loss amounting to P 16.72M. Operating margin likewise decreased from 0.83% in 2006 to -10.22% in 2007. The operating loss can be attributed to the recognition of impairment of financial assets and of property plant and equipment of the company. Moreover, the decrease in sales revenue and gross profit as discussed above under Gross Profit item likewise contributed to this net loss.

Net Income

As a result of the foregoing, the company incurred a net loss of P 22.99M in 2007 from a net income of P0.35M and P 2.79M in 2006 and 2005, respectively. Correspondingly, net income ratio decreased to -14.05% in 2007 from 0.16% in 2006. Earnings per share likewise decreased from P 0.0032 in 2006 to a (P 0.209) in 2007.

Total Assets

Total assets decreased by 13.75% from P 214.5M in 2006 to P 185.0M in 2007. The decrease was due to lower accounts receivable trade balance at the end of year 2007 where impairment of financial assets was recognized. Furthermore, the decrease in volume of works resulted to lower inventory at the end of the year since the company reduced its buffer stock. Likewise, advances to suppliers decreased due to liquidation thereof through the deliveries of materials. Also, there was a decrease in the net amount of Property and Equipment account due to the recognition of depreciation and impairment thereof while there were only minimal acquisitions made during the year. However, there was an increase in prepayment and 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 which resulted also to increase the deferred tax asset account. The Investment Property account remained the same for the years 2007 and 2006 since there was no transaction made affecting this account in the year 2007

Liquidity

Current ratio decreased from 2.14:1 in 2006 to 1.91:1 in 2007. This can be attributed to the decrease in the current asset account particularly with the recognition of impairment loss on its financial assets.

Leverage

The Company posted a debt-to-equity ratio of 0.62:1 in 2007, a 10.71% decline from the 0.56:1 leverage ratio in 2006. This can be attributed to the decrease of retained earnings due to the net loss incurred in the year 2007.

<u>2006 Performance</u>

Revenues

In 2006, the Company generated P 220.2M contract revenues, 20.76% lower than previous year revenue of P 277.9M. Fifty-four and 53/100 percent (54.53%) of the total revenues came from housing projects, 36.61% from land development works and 8.86% from specialty works. A large portion of the revenues came from the Jubilation New Binan Projects which composed of Evergreen County, Villaggio de Xavier, Springtime County, Jubilation East, West and South. Total revenues generated from these projects amounted to P 133.4M or 57.84% of the total revenues. The contribution of the other contracts are as follows: P 62.3M (27.02%) from Mabuhay City project in Cabuyao, Laguna (MCCL). P 13.6M (5.93%) from Eastwood Greenview Subdivision in Rodriguez, Rizal, and P 21.2M (9.21%) from Centella Homes in Rodriguez, Rizal. These projects are a combination of land development, housing and specialty construction contracts.

Gross Profit

Gross profit from construction contracts amounted to P 16.1M, 19.77% lower than the previous year's P 20.01M. Related to this, the gross profit ratio almost remains the same from 7.23% in 2005 to 7.32% in 2006. Though the company was successfully able to maintain or slightly improve its gross profit ratio, the Company generated lower revenue for this year due to stiff competition.

Cost and Expenses

Costs and expenses decreased by 19.71% from P 273.2M in 2005 to P 219.4M in 2006. 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 2006 to 220.2M. Administrative expenses increased from P 13.1M in 2005 to P 13.3M in 2006 due to the increase in Salaries and Wages and related cost with the promotion of some employees effected in 2006. Taxes and Licenses for 2006 also increased while the Repairs and Maintenance expense decreased.

Financing costs in 2006, which amounted to P 1.18M, remained almost the same as the previous year's P 1.21M since the same loan amount had been outstanding for both years. The slight decrease was caused by lower interest rate in 2006 as compared to 2005.

Other Gains - net

Other Gains-net increased from P .12M in 2005 to P 922.2M in 2006. The increase can be attributed to the increase sales of Ready Mixed Concrete (RMC) to outside entities made by the Company's Batching Plant.

Income from Operations

Income from operations generated in 2006 amounting to P .85M was lower than the 2005 figure of P 4.72M. Operating margin likewise decreased by 82.01% from 1.70% in 2005 to .39% in 2006. This decrease was due to lower gross profit as discussed above under Gross Profit item.

Net Income

As a result of the foregoing, 2005 net income decreased by 87.38%, from P 2.78M in 2005 to P .35M in 2006. Correspondingly, net income ratio decreased by the same percentage from 1% in 2005 to .16% in 2006. Earnings per share likewise decreased, by 87.38% from P 0.025 in 2005 to P 0.0032 in 2006.

Total Assets

Total assets decreased by 4.01% from P 223.4M in 2005 to P 214.5M in 2006. The decrease was due to lower cash balance at the end of year 2006 where the Company was able to make updated payment to its creditors. Likewise, advances to suppliers decreased due to liquidation thereof through the deliveries of materials. Also, there was a decrease in the net amount of Property and Equipment account due to the recognition of depreciation thereof while there were only minimal acquisitions made. On the other hand, construction materials inventory increased due to purchases of materials for awarded contracts, some of which were unused since the corresponding contracts were put on hold. Moreover, there was an increase in prepayment and other current assets account due to the increase in the amount of Creditable Withholding Taxes as the Company was only able to apply only a small portion thereof due to lower income tax due for the year 2006. The Investment Property account remained the same for the years 2006 and 2005 since there was no transaction made affecting this account in the year 2006

Liquidity

Current ratio increased by 12.83% from 1.89:1 in 2005 to 2.14:1 in 2006. This can be attributed to the decrease in the liability account particularly the trade payables due to payment and application of advances to suppliers against their collectibles while maintaining almost the same total current assets in both years.

Leverage

The Company posted a debt-to-equity ratio of 0.55:1 in 2006, a 11.86% decline from the 0.62:1 leverage ratio in 2005. This can be attributed to the payment and liquidation of advances to suppliers against their collectibles that resulted to lower trade payables in the year 2006.

<u>2005 Performance</u>

Revenues

In 2005, the Company generated P 277.9M contract revenues, 14.67% growth from the previous year revenue of P 242.4M. Seventy-two and 1/2 percent (72.5%) of the total revenues came from housing projects, 26% from land development works and 1.5% from specialty works. Similar to the previous years, a large portion of the revenues came from the Mabuhay City project in Cabuyao, Laguna (MCCL). It contributed P 101.7M or 36.5% of the total revenues. The contribution of the other contracts are as follows: P 50.2M (18%) from Eastwood Greenview Subdivision in Rodriguez, Rizal, P 10.9M (3.9%) from Jubilation New Biñan (JNB) in Biñan, Laguna, P46.1M (16.6%) from Jubilation East & West (JE & JW) in Biñan, Laguna, P 10.3M (3.7%) from Evergreen County in Biñan, Laguna, P 21.8M (7.8%) from Springtime County (STC) in Biñan, Laguna, P 26.0M (9.4%) from Villagio De Xavier (VDX) in Biñan, Laguna and P 10.9M (3.9%) from Celebrity Place (CP) Condominium in Quezon City. These projects are a combination of land development, housing and specialty construction contracts.

Gross Profit

Gross profit from construction contracts amounted to P 20.1M, 33% lower than the previous year's P 30.1M. Related to this is the decrease in gross profit ratio from 12.42% in 2004 to 7.23% in 2005. While the revenue for 2005 increased to P 277.9M, the costs of services was increased by 21.47% from P 212.3M in 2004 to P 257.9M in 2005. In 2005, the Company was not able to maintain the gross profit ratio by increasing its bid price to compensate for the increase in materials cost due to stiff competition where cost was highly considered by the clients/developers in awarding the project.

Cost and Expenses

Costs and expenses increased by 20.12% from P 227.4M in 2004 to P 273.2M in 2005. The increase in cost, particularly for the materials, labor and overhead costs that are variable in nature, was brought about by the increase in the revenue in 2005 to 277.9M. Administrative expenses increased from P 12.4M in 2004 to P 13.1M in 2005 due to the increase in Salaries and Wages and related cost with the hiring of contractual employees to help the accounting personnel in processing payments due to the high volume of transactions brought about by increase in revenue in 2005. Also the Company's Dues and Subscriptions increased in 2005 by subscribing to PLDT's DLS-4000 and with the increase in PSE's annual listing fee to P 200k in 2005 from P 100k in 2004. Taxes and Licenses for 2005 also increased due to the increase in revenue. However, Other Operating Expenses decreased from P 2.7M in 2004 to P 2.2M in 2005 due to minimal liquidating damages incurred in 2005 as compared to the year 2004.

Financing costs in 2005, which amounted to P 1.21M, remained almost the same as the previous year's P 1.23M since the same loan amount had been outstanding for both years.

Other Gains - net

Other Gains-net decreased from P 1.05M in 2004 to P 0.12M in 2005. The decrease can be attributed to lower sales of Ready Mixed Concrete (RMC) to outside entities since the Company's Batching Plant that produced RMC was mostly used by Company for its own requirements. Also, the rental of equipment of only P 5K in 2005 as compared to P 266K in 2004 contributed to lower gains in 2005. Since the Company was able to fully utilize its equipments in its own projects, it no longer rented out the same to outside entities. Interest income also decreased in 2005 due to lower cash balance. Moreover, the Company incurred losses totaling P 149K in 2005 on damaged materials and on the transfer of transportation equipment which were not present in 2004.

Income from Operations

Income from operations generated in 2005 amounting to P 4.7M was lower than the 2004 figure of P 14.92M. Operating margin likewise decreased by 72% from 6.16% in 2004 to 1.7% in 2005. This decrease was due to lower gross profit as discussed above under Gross Profit item.

Net Income

As a result of the foregoing, 2005 net income decreased by 72%, from P 10.02M in 2004 to P 2.78M in 2005. Correspondingly, net income ratio decreased by the same percentage from 4.14% in 2004 to 1% in 2005. Earnings per share likewise decreased, by 72% from P 0.091 in 2004 to P 0.025 in 2005.

Total Assets

Total assets decreased by a meager 1% from P 226.3M in 2004 to P 223.4M in 2005. The decrease was due to lower inventory of construction materials as the stocks were used to minimize cash outflow. Likewise, advances to suppliers decreased due to liquidation thereof through the deliveries of materials. Also, there was a decrease in the net amount of Property and Equipment account due to the recognition of depreciation thereof while there were only minimal acquisitions made. However, there was an increase in prepayment and other current assets account due to the increase in the amount of Creditable Withholding Taxes as the Company was only able to apply only a small portion thereof due to lower income tax due for the year 2005. The Investment Property account remained the same for the years 2005 and 2004 since there was no transaction made affecting this account in the year 2005

Liquidity

Current ratio increased by 9.5% from 1.74:1 in 2004 to 1.90:1 in 2005. This can be attributed to the increase in the asset account particularly the creditable withholding tax account and the decrease in the liability account particularly the trade payables due to application of advances to suppliers against their collectibles.

Leverage

The Company posted a debt-to-equity ratio of 0.63:1 in 2005, a 7.35% decline from the 0.68:1 leverage ratio in 2004. This can be attributed to the liquidation of advances to suppliers against their collectibles that resulted to lower trade payables in the year 2005.

<u>Key Performance Indicators</u>

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, due to a net loss, a negative ROI of 20.90% was 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 land development, 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.

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.

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.

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. With the most recent debt-to-equity ratio, creditors are still more than fully covered.

<u>Interim Periods</u>

Key Operating and Financial Indicators

(Amounts are in thousand pesos except per sharefigures)

Income Statement Data	2007 Jan - Mar	2006 Jan – Mar
Revenues	31,814	32,766
Cost and Expenses	28,375	32,416
Operating Profit	465	351
Net Income	196	92
Balance Sheet Data	**As of 03/31/2008**	**As of 12/31/2007**
Current Assets	126,401	129,447
Property and Equipment	5,498	7,049
Total Assets	180,422	185,020
Total Liabilities	62,767	67,711
Stockholders' Equity	114,547	114,351
Per Share Data		
Earnings (Loss) per Share*	0.0018	0.0008
Book Value per Share**	1.0413	1.0396

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

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

Results of Operation

Revenues

Revenues from contracts for 2008Q1 amounted to P 31.81M, 2.91% lower than the P 32.77M in 2007Q1. The decrease can be attributed to lower construction activities for the first quarter of the year 2008 particularly for JNB projects where the company was only able to get contracts at Evergreen County and Villaggio d' Xavier as majority of the contracts were awarded to other contractors.

Contract Revenue January 1 - March 31, 2008

Projects	Housing	Land Dev	Total
MCCL-Cabuyao	11,385,067	2,041,153.88	13,426,223
Eastwood	7,148,024.20		7,148,024
Evergreen County		469,151	469,152
Villaggio d' Xavier		3,018,296	3,018,301
Ciudad Nuevo	7,130,996	621,277	7,752,266
Total	25,664,088	6,149,877	31,813,965

Gross Profit

Gross profit from construction contracts dropped by 12.80% from P 3.94M in 2007Q1 to P 3.43M in 2008Q1. In like manner, gross profit ratio decreased from 12.03% in 2007Q1 to 10.81% in 2008Q1. Thus, the gross profit for 2008Q1 correspondingly decreased.

Cost and Expenses

Costs and expenses for 2008Q1 amounted to P 31.35M, 3.29% lower than the P 32.42M in 2007Q1. Cost of services for 2008Q1 comprised 90.51% of the total costs and expenses. Cost of services increased by 1.55% from P 28.82M in 2007Q1 to P 28.38M in 2008Q1. The slight increase was primarily brought about by the increase in the price of construction materials.

For the total operating expenses, 2008Q1 amounted to 2.97M, 17.23% lower than the 2007Q1 of 3.59M. The decrease was primarily brought about by the lower salaries and wages and related cost due to the decrease in manpower as the company began restructuring its organization. Also, training and seminars contributed to this decrease as there were only minimal training and seminars attended during the quarter of this year.

Operating Profit

As a result of the foregoing, operating profit in 2008Q1 amounted to P 0.46M, 32.58% higher than the P 0.35M in 2007Q1. Correspondingly, operating margin ratio slightly improved from 1.07% in 2007Q1 to 1.46% in 2008Q1. The increase can be attributed to the lower operating expenses as discussed in the cost and expenses above.

Other Income / Charges

Financing costs amounted to P 0.18M in 2008Q1, 23.97% lower than the P 0.23M in 2007Q1. The decrease can be attributed to the lower outstanding bank loan for the given period from P 10M in 2007Q1 to P 9M in 2008Q1.

Other gains decreased from P 22.23T in 2007Q1 to P 12.47T in 20087Q1, the decrease can be attributed to lower penalty imposed against the company's erring sub-contractors.

Net Income

As a result of the lower operating cost this 2008Q1, net income slightly increased from P 0.09M in 2007Q1 to P 0.20M in 2008Q1. This likewise increased net income ratio from 0.28% in 2007Q1 to 0.62% in 2008Q1. Finally, this translated into earnings per share of P0.0018 in 2008Q1 from P0.0008 in 2007Q1.

<u>Financial Condition</u>

Total Assets

The Company's total assets amounted to P 180.42M as of March 31, 2008, 2.49% lower than the December 31, 2007 figure of P 185.02M. There was a minimal change on the total assets of the company since it has no unusual business transactions. The decrease was brought about by lower cash balance due to payment of the trade payables of the company and the decrease in the property, plant and equipment account due to depreciation. Also, prepayments increased due to increase in creditable taxes that were not applied due to lower income tax payable for the 1st quarter of 2008. Other accounts almost the same.

Property and Equipment

Property and equipment as of December 31, 2007 amounted to P 7.05M. It dropped to P 5.50M as of March 31, 2008, a 22.01% decrease. During the 1st quarter of 2008, the Company did not make any acquisitions. The decrease was due to provision for regular monthly depreciation and amortization of the company's property and equipment and other assets.

Total Liabilities

The Company's total liabilities as of March 31, 2008 amounted to P 62.77M, a 7.30% decrease as compared to the December 31, 2007 balance of P 67.71M. The decrease was primarily brought by the decrease of the trade payables and retention fees payables due to payment thereof from the collections made by the company of its trade receivables. Also, advances from customers decrease due to recoupment thereof from the company's progress billings.

Liquidity

The Company posted a current ratio of 2.01:1 as of March 31, 2008, 5.34% higher than the 1.91:1 current ratio as of December 31, 2007. The slight increase can be attributed to the payment of trade payables and recoupment of advances from customers taken from the company's collections from its clients.

Leverage

Debt-to-equity ratio as of March 31, 2008 was determined to be 0.58:1, 6.94% lower than the 0.62:1 ratio as of December 31, 2007. The decrease was brought about by the decrease on the trade payables and advances from customer accounts. However, the equity portion increased only by the meager income earned for the given period.

Causes for Any Material Changes (5% or more) from Period to Period

Balance Sheets Items:

	As Of		**Inc/(Dec)**		
Account Title	**31-Mar-08**	**31-Dec-07**	**Amount**	**%**	**Remarks**
Cash	3,399,050	6,994,033	(3,594,983)	-51%	Cash were used to pay overdue trade payables and these were taken from the collections of receivables and from its beginning cash balances
Property and equipment - net	5,498,260	7,049,801	(1,551,541)	-22%	The decrease pertains to the regular monthly depreciation of the Company's PPE.
Trade and other payable	52,130,187	57,074,245	(4,944,058)	-9%	The decrease pertains to the reduction of advances from customers due to recoupment of downpayment. Also payable to suppliers decreased due to payment of most of the overdue accounts

Income Statement Items:

	For the Quarter Ending		**Inc/(Dec)**		
Account Title	**03.31.08**	**03.31.07**	**Amount**	**%**	**Remarks**
Gross Profit	3,438,731	3,943,418	(504,687)	-13%	The decrease can be attributed to the lower revenue generated for 2008Q1 as compared to 2007Q1
Administrative Expenses	2,973,586	3,592,565	(618,976)	-17%	The decrease in this item can be attributed to the reduction of manpower
Other Operating Expenses	383,694	530,885	(147,191)	-27%	The decrease can be attributed to the lower expenses on seminars, trainings, light and water accounts
Operating Profit	465,144	350,853	144,292	33%	The increase can be attributed to the decrease in administrative and other operating expenses as discussed above
Finance costs	173,250	231,806	(55,556)	-24%	The decrease was caused by smaller outstanding balance of the Company's bank loan from P10M to P9M
Other gains – net	12,468	22,234	(9,766)	-44%	The decrease was due lower penalty imposed against the company''s erring sub-contractor as compared to 2007Q1

Key Variable and Other Qualitative and Quantitative Factors

The Company believes that there are no events that will trigger direct or contingent financial obligation that is material. In addition, there are no material off-balance sheet transactions, arrangements and obligations which could affect the financial position of the Company.

Key Performance Indicators

Return on Investment (ROI)

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

For 2008Q1, the Company posted an ROI of 0.18% compared to the 2007Q1 ROI of 0.08%. The slight increase in ROI can be attributed to the higher net income generated for the given period.

Fixed Assets Turnover

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

The Company posted a fixed assets turnover rate of 5:07 times in 2008Q1, higher than the 2.14 times in the same period of the year 2007Q1. The increase in the fixed assets turnover rate can be attributed to the lower average fixed assets base in the period of 2008Q1 due to regular depreciation made to these assets. In addition, there were only minimal acquisitions made during this year. A slightly lower revenue, however, was generated in 2008Q1.

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 90 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 posted almost the same inventory turnover rate of 1.38 times for 2008Q1 and 2007Q1. The Company posted almost the same turnover rate as the decrease in the average inventory for 2008Q1 is offset by the decrease in cost of services for the given period. In the same manner, days in inventory is the same for both of the given quarters of 65 days in inventory.

Current Ratio

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

Current ratio as of March 31, 2008 was computed at 2.01:1, 5% higher than the 1.91:1 ratio at the beginning of the year. The slight increase can be attributed to the payment of trade payables and recoupment of advances from customers taken from the company's collections from its 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.

Debt-to-equity ratio as of March 31, 2008 was determined to be 0.51:1, 10% lower than the 0.56:1 times as of December 31, 2007. The decrease was brought about by the decrease on the trade payables and advances from customer accounts. However, the equity portion increased only by the meager income earned for the given period

2008 Plan of Operations

With the existence of new players in the industry that the Company is engaged, stiff competition is inevitable. For the Company to compete with these new players, it has to restructure its organization to further decrease its operating expenses. The Company has started this restructuring which would result to reducing its manpower complement.

Furthermore, the Company is planning to engage the services of BPO companies to reduce its operating cost and be able to leverage the specialty services being offered by these BPOs. The re-focusing into the real estate development is still under study.

Financial Statements

Included in this report are the following financial statements and related schedules:

Interim Financial Statements

1. Statement of Management's Responsibility for Financial Statements
2. Balance Sheets as of March 31, 2008, and December 31, 2007
3. Statements of Income for the Three-Month Period Ended March 31, 2008 and 2007
4. Statements of Changes in Equity for the Three-Month Period Ended March 31, 2008 and 2007
5. Statements of Cash Flows for the Three-Month Period Ended March 31, 2008 and 2007
6. Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
7. Schedule D – Indebtedness of Unconsolidated Subsidiaries and Related Parties
8. Schedule I. Capital Stock

Audited Financial Statements

1. Statement of Management's Responsibility for Financial Statements
2. Report of Independent Auditors
3. Balance Sheets as of December 31, 2007 and 2006
4. Statements of Income for the Years Ended December 31, 2007 and 2006
5. Statements of Changes in Equity for the Years Ended December 31, 2007 and 2006
6. Statements of Cash Flows for the Years Ended December 31, 2007 and 2006
7. Notes to Financial Statements
8. Report of Independent Auditors on Supplementary Schedules
9. Supplementary Schedules Table of Contents
10. Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
11. Schedule D – Indebtedness of Unconsolidated Subsidiaries and Related Parties
12. Schedule I. Capital Stock

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.

UNDERTAKING TO PROVIDE COPIES OF THE ANNUAL REPORT

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

THE CORPORATE SECRETARY
SUPERCITY REALTY DEVELOPMENT CORPORATION
UNIT 904 9TH FLOOR ANTEL GLOBAL CORPORATE CENTER
JULIA VARGAS AVENUE ORTIGAS CENTER PASIG CITY

SuperCity Realty Development Corporation

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Supercity Realty Development Corp**. is responsible for all information and representations contained in the Company's Interim Financial Statements as of March 31, 2008 and 2007 and for the three-months ended March 31, 2008 and 2007. The Interim Financial Statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statement before such statement are approved and submitted to the stockholders of the Company.

Signature: ____________________

MYLENE LIM

Corporate Treasurer

Signature: ____________________

FERNANDO MAMUYAC

ADGM-Operations

Signature: ____________________

ENRIQUE CUNANAN

ADGM-Finance & Admin

2 0 MAY 2008

SUBSCRIBED AND SWORN to before me this _____ day of _________ 2008affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Mylene Lim	12417045	01.24.08	Rodriguez, Rizal
Fenando Mamuyac	21504378	01.22.08	Sta. Rosa, Laguna
Enrique Cunanan	10214267	01.22.08	Pasig City

Doc. No. 255

Page No. 51

Book No. LXXII

Series of 08

ATTY. DELFIN R. AGCAOILI JR.
NOTARY PUBLIC
ROLL NO. 24655
IBP NO. 726065 01/02/08 Q.C.
PTR NO. 9614311 01/02/08 Q.C.
COMMISION NO. 332(2007-2008)
TIN NO. 144-519-066

SUPERCITY REALTY DEVELOPMENT CORPORATION
Balance Sheets
As of March 31, 2008 and December 31, 2007

	31-Mar-08	*Based on Audited FS* 31-Dec-07
ASSETS		
CURRENT ASSETS		
Cash	3,399,050	6,994,033
Trade & other receivables (Note 1)	86,667,893	86,339,113
Construction materials	20,420,684	20,839,139
Prepayments and other current assets (Note 2)	15,913,138	15,275,111
Total current assets	**126,400,765**	**129,447,396**
NON-CURRENT ASSETS		
Trade and other receivables (Note 3)	868,890	868,890
Property and equipment - net (Note 4)	5,498,260	7,049,801
Investment property - net	32,502,376	32,502,376
Deferred tax assets	15,151,497	15,151,497
Other non-current assets	-	-
Total non-current assets	**54,021,023**	**55,572,564**
TOTAL ASSETS	**180,421,788**	**185,019,960**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables (Note 5)	52,130,187	57,074,245
Interest-bearing loans	9,000,000	9,000,000
Provision for repairs	1,636,891	1,636,891
Total current liabilities	**62,767,078**	**67,711,136**
NON-CURRENT LIABILITIES		
Retirement benefit obligation	**3,107,351**	**2,957,351**
Total Liabilities	**65,874,429**	**70,668,487**
EQUITY		
Capital stock	110,000,000	110,000,000
Additional paid-in capital	1,509,641	1,509,641
Retained earnings	3,037,718	2,841,832
Total equity	**114,547,359**	**114,351,473**
TOTAL LIABILITIES AND EQUITY	**180,421,788**	**185,019,960**

* December 31, 2007 figures were audited by Punongbayan & Araullo.

SUPERCITY REALTY DEVELOPMENT CORPORATION
Income Statements
For the 3-month periods ended March 31, 2008 and 2007

Account Title	Jan - Mar 2008	Jan - Mar 2007
REVENUES	31,813,965	32,766,461
CONTRACT COSTS	28,375,234	28,823,044
GROSS PROFIT	3,438,731	3,943,418
OPERATING EXPENSES		
Administrative expenses (Note 6)	2,589,892	3,061,680
Other operating expenses (Note 7)	383,694	530,885
	2,973,586	3,592,565
OPERATING PROFIT	465,144	350,853
OTHER INCOME (CHARGES)		
Finance costs	(176,250)	(231,806)
Other gains - net	12,468	22,234
	(163,782)	(209,572)
INCOME BEFORE TAX	301,363	141,281
TAX EXPENSE	105,477	49,448
NET INCOME	195,886	91,833
Earning Per Share		
Net Income	195,886	91,833
Shares Outstanding	110,000,000	110,000,000
Earning per share	**0.0018**	**0.0008**

Note 1

Trade & other receivables	**As Of 03/31/2008**	**12/31/2007**	
Current:			
Contract receivable	80,561,701	80,889,731	
Advances to suppliers and subcontractors	6,810,569	6,031,361	
Advances to officers and employees	306,211	378,297	
Due from related parties	12,646,127	12,646,127	
Others		50,312	
	100,324,608	99,995,828	
Allowance for impairment	13,656,715	13,656,715	
	86,667,893	86,339,113	-

Note 2

Prepayments and other current assets	**As Of 03/31/2008**	**12/31/2007**
Creditable Withholding tax	14,900,012	14,061,113
Prepaid Expenses	1,013,127	1,213,998
	15,913,138	15,275,111

Note 3

Non-current:	**As Of 03/31/2008**	**12/31/2007**
Security Deposits	132,510	132,510
Refundable deposits	732,380	732,380
Others	4,000	4,000
	868,890	868,890
	-	

Note 4

Property and equipment - net	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Total
Balance at January 1, 2008 net of accumulated depreciation & amortization	141,568	81,759	10,985	6,815,489	7,049,801
Additions	-				-
Disposals	-				-
Depreciation & amortization charges for					-
the quarter	(127,389)	(16,250)	(10,985)	(1,396,917)	(1,551,541)
Balance at March 31, 2007 net of accumulated depreciation and amortization	14,179	65,509	-	5,418,572	5,498,260

Note 5

Trade and other payables	**03/31/2008**	**As Of 12/31/2007**
Trade	22,745,649	24,825,292
Advances from customers	9,782,003	10,907,428
Deferred output valued-added taxes	9,789,287	9,184,165
Retention fees	4,365,379	6,574,476
Accrued expenses	4,247,457	4,657,477
Miscellaneous	1,200,412	925,407
Total	52,130,187	57,074,245

Note 6

Administrative Expenses	For the Quarter Ending 03.31.08	03.31.07
Salaries and employee benefits	1,636,014	2,418,294
Taxes and licenses	582,880	456,497
Depreciation and amortization	10,097	27,666
Professional fees	220,000	21,322
Rent	140,901	137,901
	2,589,892	3,061,680

Note 7

Other Operating Expenses	For the Quarter Ending 03.31.08	03.31.07
Subscription	67,314	80,849
Seminars and training	1,995	35,190
Light and water	40,204	51,362
Stationery and supplies	4,605	42,579
Communications	19,454	30,191
Miscellaneous	250,122	290,714
	383,694	530,885

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Changes in Equity
For the 3-month periods ended March 31, 2008 and 2007

	Jan - Mar 2008	Jan - Mar 2007
CAPITAL STOCK		
Common stock - P 1 par value		
Authorized - 155,000,000		
Issued and outstanding - 110,000,000 shares in 2003, 60,000,000 shares in 2002 and 38,750,000 shares (net of subscription receivable of P 29,062,500) in 2001		
Balance at Beginning of Year	110,000,000	110,000,000
Issuance of Additional Shares	-	-
Balance at End of Period	**110,000,000**	**110,000,000**
ADDITIONAL PAID-IN CAPITAL	**1,509,641**	**1,509,641**
RETAINED EARNINGS		
Balance at Beginning of Year		
As previously reported		
Effects of transition to PFRS, net of taxes	-	-
As restated	2,841,832	25,834,607
Net Income	195,886	91,833
Balance at End of Period	**3,037,718**	**25,926,440**
TOTAL EQUITY	**114,547,359**	**137,436,081**

SUPERCITY REALTY DEVELOPMENT CORPORATION
Statements of Cash Flows
For the 3-month periods ended March 31, 2008 and 2007

	Jan - Mar 2008	Jan - Mar 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	301,363	141,281
Adjustments for:		
Interest expense	176,250	231,806
Depreciation and amortization	1,551,541	1,610,324
Interest income	(10,968)	(22,234)
Operating income before working capital changes	2,018,185	1,961,177
Decrease (Increase) in trade and other receivables	(328,780)	8,902,303
Decrease (Increase) in construction materials	418,455	233,571
Decrease (Increase) in prepayments and other current assets	(638,027)	(1,001,354)
Decrease (Increase) in other non-current assets	-	-
Increase (Decrease) in trade payables and other payables	(4,944,058)	(7,697,874)
Increase retirement benefit obligation	150,000	150,000
Cash Generated from (used in) Operations	(3,324,225)	2,547,823
Interest paid	(176,250)	(231,806)
Cash paid for income taxes	(105,477)	(49,448)
Net Cash From (Used in) Operating Activities	**(3,605,952)**	**2,266,569**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	10,968	22,234
Acquisitions of property and equipment	-	(28,571)
Net Cash From (Used in) Investing Activities	**10,968**	**(6,337)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for Interest-Bearing Loans	-	-
Proceeds from interest-bearing loans		
Net Cash From (Used in) Financing Activities	**-**	**-**
NET INCREASE (DECREASE) IN CASH	**(3,594,983)**	**2,260,232**
CASH AT BEGINNING OF YEAR	**6,994,033**	**2,388,868**
CASH AT END OF PERIOD	**3,399,050**	**4,649,100**

Supercity Realty Development Corporation

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

As of March 31, 2008

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected (2)	Current	Not Current	Balance at End Of Period
E Cunanan / Finance Head	183,230		24,680	158,550	-	158,550
R. Anacito /Proj. Manager	106,899	-	25,364	81,535	-	81,535
Others	88,168	-	22,042	66,126	-	66,126
Total	378,297	-	72,086	306,211	-	306,211

Supercity Realty Development Corporation

Schedule D – Indebtedness of Unconsolidated Subsidiaries and Related Parties

As of March 31, 2008

Name of Designation of Debtor	Balance Beginning of Period	Additions	Amounts Collected (2)	Amounts Written off (3)	Current	Not Current	Balance at End Of Period
Extraordinary Dev. Corp.	1,959,239	-			1,959,239		1,959,239
Acerhomes Dev. Corp.	40,203		-		40,203		40,203
Prosperity Builders Realty, Inc.	5,478,194	-			5,478,194		5,478,194
Supreme Housing Builders, Inc.	184,943	-			184,943		184,943
Earth+Style Corportation	1,731,308	-			1,731,308		1,731,308
One Asia Dev. Corp	24,776	-			24,776		24,776
Kaiser Realty Dev. Corp	1,418				1,418		1,418
City and Life Property, Inc.	3,226,046	-			3,226,046		3,226,046
Total	12,646,127	-	-	-	12,646,127	-	12,646,127

Supercity Realty Development Corporation
As of March 31, 2008

Schedule I – Capital Stock

				No. of shares held by		
Title of Issue	**No. of shares authorized**	**No. of shares issued and outstanding**	**No. of shares reserved for options, warrants, conversion and other rights**	**Related parties**	**Directors, officers and employees**	**Others**
Common	155,000,000	110,000,000		25,000,000	44,025,001	40,974,999

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

SuperCity Realty Development Corporation

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Supercity Realty Development Corp**. is responsible for all information and representations contained in the Company's Financial Statements for the years ended December 31, 2007 and 2006. The Financial Statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statement before such statement are approved and submitted to the stockholders of the Company.

Punongbayan & Araullo, the independent auditor, has examined the financial statements of the Company in accordance with generally accepted auditing standards and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to stockholders.

Signature: ____________________

WILFREDO UY

Chairman of the Board

Signature: ____________________

FERNANDO MAMUYAC

ADGM-Operations

Signature: ____________________

ENRIQUE CUNANAN

ADGM-Finance & Admin

1 2 MAY 2008

SUBSCRIBED AND SWORN to before me this _____ day of _________ 2008affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Wilfredo Uy	19302985	01.31.08	Makati City
Fenando Mamuyac	21504378	01.22.08	Sta. Rosa, Laguna
Enrique Cunanan	10214267	01.22.08	Pasig City

Doc. No. 72

Page No. 15

Book No. LXX

Series of 08

ATTY. DELFIN R. SAGCAOILI JR.
NOTARY PUBLIC
ROLL NO. 24055
IBP NO. 726000 01/02/08 R.C.
PTR NO. 9644311 01/02/08 R.C.
COMMISION NO. 332(2007-2008)
TIN NO. 144-519 066

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 904, Antel Global Corporate Center
Julia Vargas Avenue, Ortigas Center
Pasig City

We have audited the accompanying financial statements of Supercity Realty Development Corporation, which comprise the balance sheets as at December 31, 2007 and 2006, and the income statements, statements of changes in equity and cash flow statements for each of the three years in the period ended December 31, 2007, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control 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.

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 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 referred to above present fairly, in all material respects, the financial position of Supercity Realty Development Corporation as of December 31, 2007 and 2006, and of its financial performance and its cash flows for each of the three years in the period ended December 31, 2007 in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner
CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 0986665, January 4, 2008, Makati City
SEC Accreditation No. 0396-A
BIR AN 08-002511-20-2006 (Sept. 8, 2006 to 2009)

April 7, 2008

SUPERCITY REALTY DEVELOPMENT CORPORATION
BALANCE SHEETS
DECEMBER 31, 2007 AND 2006
(Amounts in Philippine Pesos)

	Notes	2007	2006
A S S E T S			
CURRENT ASSETS			
Cash		**P 6,994,033**	P 2,388,868
Trade and other receivables- net	4	**86,339,113**	116,055,857
Construction materials		**20,839,139**	29,654,703
Prepayments and other current assets	5	**15,275,111**	11,983,374
Total Current Assets		**129,447,396**	160,082,802
NON-CURRENT ASSETS			
Trade and other receivables	4	**868,890**	1,744,625
Property and equipment - net	6	**7,049,801**	16,086,942
Investment property - net	7	**32,502,376**	32,502,376
Deferred tax assets	15	**15,151,497**	4,088,673
Total Non-Current Assets		**55,572,564**	54,422,616
TOTAL ASSETS		**P 185,019,960**	P 214,505,418
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	9	**P 57,074,245**	P 64,904,936
Interest-bearing loans	8	**9,000,000**	10,000,000
Provision for repairs		**1,636,891**	-
Total Current Liabilities		**67,711,136**	74,904,936
NON-CURRENT LIABILITY			
Retirement benefit obligation	14	**2,957,351**	2,256,234
Total Liabilities		**70,668,487**	77,161,170
EQUITY			
Capital stock	17	**110,000,000**	110,000,000
Additional paid-in capital		**1,509,641**	1,509,641
Retained earnings		**2,841,832**	25,834,607
Total Equity		**114,351,473**	137,344,248
TOTAL LIABILITIES AND EQUITY		**P 185,019,960**	P 214,505,418

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(Amounts in Philippine Pesos)

	Notes	2007	2006	2005
CONTRACT REVENUES	16	**P 163,689,104**	P 220,265,217	P 277,988,906
CONTRACT COSTS	10	**148,820,250**	204,139,453	257,889,717
GROSS PROFIT		**14,868,854**	16,125,764	20,099,189
OPERATING EXPENSES (INCOME)				
Administrative expenses	12	**25,501,569**	13,366,311	13,167,934
Other operating expenses	11	**6,242,593**	1,908,975	2,203,835
Other operating income	11	**(149,829)**	(971,978)	(183,474)
		31,594,333	14,303,308	15,188,295
OPERATING PROFIT (LOSS)		**(16,725,479)**	1,822,456	4,910,894
OTHER INCOME (CHARGES)				
Finance costs	13	**(13,819,960)**	(1,182,917)	(1,213,819)
Other losses	13	**(3,242,542)**	(186,484)	(149,405)
Finance income		**53,188**	136,775	89,915
		(17,009,314)	(1,232,626)	(1,273,309)
INCOME (LOSS) BEFORE TAX		**(33,734,793)**	589,830	3,637,585
TAX EXPENSE (INCOME)	15	**(10,742,018)**	238,043	849,718
NET INCOME (LOSS)		**(P 22,992,775)**	P 351,787	P 2,787,867
Earnings (Loss) Per Share	18	**(P 0.209)**	P 0.003	P 0.025

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(Amounts in Philippine Pesos)

	Note	2007	2006	2005
CAPITAL STOCK				
Common stock - P1.00 par value				
Authorized - 155,000,000 shares				
Issued and outstanding - 110,000,000 shares	17	**P 110,000,000**	P 110,000,000	P 110,000,000
ADDITIONAL PAID-IN CAPITAL		**1,509,641**	1,509,641	1,509,641
RETAINED EARNINGS				
Balance at beginning of year		**25,834,607**	25,482,820	22,694,953
Net income (loss)		**(22,992,775)**	351,787	2,787,867
Balance at end of year		**2,841,832**	25,834,607	25,482,820
TOTAL EQUITY		**P 114,351,473**	P 137,344,248	P 136,992,461

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(Amounts in Philippine Pesos)

	Notes	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax		(P 33,734,793)	P 589,830	P 3,637,585
Adjustments for:				
Depreciation and amortization	6	6,379,917	8,097,426	7,949,564
Impairment losses on non-financial assets	6	2,850,535	-	-
Finance costs	13	755,417	1,182,917	1,213,819
Finance income		(53,188)	(136,775)	(89,915)
Loss on disposal of transportation equipment		-	-	26,500
Operating income (loss) before working capital changes		(23,802,112)	9,733,398	12,737,553
Decrease (increase) in trade and other receivables		30,592,479	1,946,304	(2,774,009)
Decrease (increase) in construction materials		8,815,564	(7,162,050)	2,935,951
Decrease (increase) in prepayments and other current assets		(3,601,905)	1,188,872	(281,635)
Decrease in trade and other payables		(7,830,691)	(10,291,180)	(6,039,576)
Increase in provision		1,636,891	-	-
Increase in retirement benefit obligation		701,117	536,739	359,565
Cash generated from (used in) operations		6,511,343	(4,047,917)	6,937,849
Cash paid for income taxes		(10,638)	(5,374,024)	(5,741,676)
Net Cash from (Used in) Operating Activities		6,500,705	(9,421,941)	1,196,173
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	6	(193,311)	(461,434)	(661,021)
Interest received		53,188	136,775	89,915
Net Cash Used in Investing Activities		(140,123)	(324,659)	(571,106)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of interest-bearing loans	8	(10,000,000)	(10,000,000)	(10,000,000)
Proceeds from availment of interest-bearing loans	8	9,000,000	10,000,000	10,000,000
Interest paid		(755,417)	(1,182,917)	(1,213,819)
Net Cash Used in Financing Activities		(1,755,417)	(1,182,917)	(1,213,819)
NET INCREASE (DECREASE) IN CASH		4,605,165	(10,929,517)	(588,752)
CASH AT BEGINNING OF YEAR		2,388,868	13,318,385	13,907,137
CASH AT END OF YEAR		P 6,994,033	P 2,388,868	P 13,318,385

See Notes to Financial Statements.

SUPERCITY REALTY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007, 2006 AND 2005
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Supercity Realty Development Corporation (the Company) was incorporated in the Philippines on June 9, 2000. The Company is currently engaged 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 (see Note 22).

Since the Company is solely engaged in the business of construction, no segment information and disclosures are presented in the Company's financial statements.

The Company is a publicly-held, domestic corporation whose shares of stock are listed in the Philippine Stock Exchange (PSE).

The registered and principal office of the Company is located at Unit 904, Antel Global Corporate Center, Julia Vargas Avenue, Ortigas Center, Pasig City.

The financial statements of the Company for the year ended December 31, 2007 (including the comparatives for the years ended December 31, 2006 and 2005) were authorized for issue by the Company's Chairman and President on April 7, 2008.

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 asset, liability, income and expense. These financial statements have been prepared on the historical cost basis. The measurement bases are more fully described in the accounting policies that follow.

(b) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional currency, and all values represent absolute amounts, except when otherwise indicated (see also Note 2.12).

(c) Reclassification

Certain account balances in the 2006 and 2005 financial statements have been reclassified to conform with the 2007 financial statement presentation.

2.2 Impact of New Standards, and Amendments and Interpretations to Existing Standards

(a) Effective in 2007 that are relevant to the Company

In 2007, the Company adopted for the first time the following new and amended PFRS which are mandatory for accounting periods beginning on or after January 1, 2007.

PAS 1 (Amendment)	:	Presentation of Financial Statements
PFRS 7	:	Financial Instruments: Disclosures
Philippine Interpretation IFRIC 10	:	Interim Financial Reporting and Impairment

Discussed below are the impact on the financial statements of these new accounting standards.

(i) Philippine Accounting Standard (PAS) 1 (Amendment), *Presentation of Financial Statements*. PAS 1 introduces new disclosures on the Company's capital management objectives, policies and procedures in each annual financial report. The amendments to PAS 1 were introduced to complement the adoption of PFRS 7. The new disclosures that become necessary due to this change in PAS 1 can be found on Note 21.

(ii) PFRS 7, *Financial Instruments: Disclosures*. PFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, particularly:

- a sensitivity analysis, to explain the Company's market risk exposure with regard to its financial instruments; and,

- a maturity analysis that shows the remaining contractual maturities of financial liabilities.

PFRS 7 replaced PAS 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*, and the disclosure requirements in PAS 32, *Financial Instruments: Disclosure and Presentation*. The new disclosures under PFRS 7 are required to be made for all periods presented. However, the Company availed of the transitional relief granted by the FRSC and presented only the relevant new disclosures required by PFRS 7 for 2007 (see Note 20).

(iii) Philippine Interpretation – International Financial Reporting Interpretation Committee (IFRIC) 10, *Interim Financial Reporting and Impairment*.
This Philippine Interpretation prohibits the reversal through profit or loss at the subsequent balance sheet date any impairment losses recognized on goodwill and financial assets carried at cost at an interim period. The Company did not recognize impairment losses on its interim financial statements. Accordingly, adoption of this Philippine Interpretation has no impact on the Company's financial statements.

The first time application of these standard, amendment and interpretation has not resulted in any prior period adjustments of cash flows, net income or balance sheet line items.

(b) Effective in 2007 but not relevant to the Company

PFRS 4 (Amendment)	:	Insurance Contracts
Philippine Interpretation IFRIC 7	:	Applying the Restatement Approach under PAS 29, *Financial Reporting in Hyper Inflationary Economies*
Philippine Interpretation IFRIC 8	:	Scope of PFRS 2
Philippine Interpretation IFRIC 9	:	Re-assessment of Embedded Derivatives

(c) Effective Subsequent to 2007

There are new and amended standards and Philippine Interpretation that are effective for periods subsequent to 2007. The following new standards are relevant to the Company and which the Company will apply in accordance with their transitional provisions.

<u>2008:</u>

Philippine Interpretation IFRIC 14	:	PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

<u>2009:</u>

PAS 1 (Revised 2007)	:	Presentation of Financial Statements
PAS 23 (Revised 2007)	:	Borrowing Costs

Below is a discussion of the possible impact of these accounting standards.

(i) Philippine Interpretation IFRIC 14, *PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective from January 1, 2008). This Philippine Interpretation provides general guidance on how to assess the limit in PAS 19, *Employee Benefits*, on the amount of the surplus that can be recognized as an asset. It standardizes practice and ensures that entities recognize an asset in relation to a surplus on a consistent basis. The Company is currently evaluating the impact of this interpretation in its financial statements and has initially assessed that such may not have significant effects on the financial statements for 2008 since its defined benefit obligation is still unfunded.

(ii) PAS 1 (Revised 2007), *Presentation of Financial Statements* (effective from January 1, 2009). The amendment requires an entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate income statement and a statement of comprehensive income. The income statement shall disclose income and expense recognized in profit and loss in the same way as the current version of PAS 1. The statement of comprehensive income shall disclose profit or loss for the period, plus each component of income and expense recognized outside of profit and loss classified by nature (e.g., gains or losses on available-for-sale assets or translation differences related to foreign operations). Changes in equity arising from transactions with owners are excluded from the statement of comprehensive income (e.g., dividends and capital increase). An entity would also be required to include in its set of financial statements a statement showing its financial position (or balance sheet) at the beginning of the previous period when the entity retrospectively applies an accounting policy or makes a retrospective restatement. The Company will apply PAS 1 (Revised 2007) in its 2009 financial statements.

(iii) PAS 23 (Revised 2007), *Borrowing Costs* (effective from January 1, 2009). Under the revised PAS 23, all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The option of immediately expensing borrowing costs that qualify for asset recognition has been removed. The Company has initially determined that adoption of this new standard will not have significant effects on the financial statements for 2009, as well as for prior and future periods, as the Company's current accounting policy is to capitalize all interest directly related to qualifying assets.

2.3 Financial Assets

Financial assets include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Regular purchase and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction cost. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement.

The Company's financial assets are classified as 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 balance sheet date which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in their value is recognized in profit or loss. 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.

Loans and receivables are presented as Trade and Other Receivables in the balance sheet.

Non-compounding interest 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. All income and expenses related to the financial assets recognized in profit or loss are presented in the income statement line item Finance Income and Finance Cost, respectively.

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 Construction Materials

At the balance sheet date, construction materials are valued at the lower of cost and net realizable value. Cost of construction materials is based on purchase cost, determined on a moving average basis. Net realizable value of construction material is the current replacement cost.

2.5 Property and Equipment

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

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

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

Leasehold improvements are amortized over 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 2.13).

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognized.

2.6 Investment Property

Investment property is stated at cost less any impairment in value (see Note 2.13). The cost of investment property comprises its purchase price and directly attributable costs of bringing the assets to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for maintenance are charged to expense as incurred.

The carrying amount of investment property is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount. Any gain or loss resulting from either a change in the fair value is immediately recognized in the income statement.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the income statement in the year of retirement or disposal.

2.7 Financial Liabilities

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

Interest-bearing loans are raised for support of funding of operations. They are recognized at proceeds received, net of direct issue costs.

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

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

2.8 Provisions

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 balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. 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. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

2.9 Revenue and Cost Recognition

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

(a) *Revenues and costs from contracts* – 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 stage of completion of the project as a percentage of total estimated costs for each contract as determined and certified by project engineers. Costs are recognized based on actual costs incurred (see also Note 2.10).

(b) *Rental income* – Due to the short duration of equipment rental, revenue is recognized when the amount of the agreed rent is billed and earned (see also Note 2.11).

(c) *Scrap sales* – Revenue is recognized when the title of the scrap construction materials passes to the buyer.

(d) *Forfeiture income* – When the performance of contractually agreed tasks is not completed by the subcontractors at the specified time in the contract, a portion of the retention fees payable is forfeited and recognized as income.

(e) *Interest* – Revenue is recognized as the interest accrues (taking into account the effective yield on the asset).

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding value-added tax (VAT).

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

2.10 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.

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 inventories, prepayments or other assets, depending on their nature.

The Company presents as an asset (under Trade and Other Receivables) 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. Progress billings not yet paid by customers and retention are presented as contract 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).

2.11 Leases

The Company accounts for its leases as follows:

(a) *Company as Lessee*

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

(b) *Company as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases.

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.

2.12 Functional Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine pesos, which is the Company's functional and presentation currency.

2.13 Impairment of Non-financial Assets

The Company's Property and Equipment and Investment Property are subject to impairment testing. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

2.14 Employee Benefits

(a) Retirement Benefit Obligations

Pension benefits are provided to employees through a defined benefit plan.

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

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

Actuarial gains and losses are not recognized as an 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 the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

(b) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the balance sheet date. They are included in Trade and Other Payables account at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.15 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.16 Income Taxes

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 balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.
All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

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

Under the balance sheet 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 each balance sheet date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax 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, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to Equity.

2.17 Equity

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

Additional paid-in capital includes any premiums received on the initial 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.

Retained earnings include all current and prior period results as reported in the income statement.

2.18 Earnings (Loss) Per Share (EPS)

EPS is computed by dividing the net income 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 earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

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 circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical 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 in the amounts recognized in the financial statements.

(a) Distinction Between Investment Properties and Owner-occupied Properties

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

(b) Operating and Finance Leases

The Company has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each 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.

(c) Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.8 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 balance sheet date, 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 Trade and Other Receivables

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, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

(b) Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment 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. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

(c) Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at each balance sheet date 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 asset to be utilized.

(d) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.13. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements 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.

(e) Retirement and Other Benefits

The determination of the Company's obligation and cost of pension and other retirement benefits 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, expected return on plan assets and salary increase rate. 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.

(f) Provision for Repairs

The Company estimates its provision for repairs based on historical experience.

4. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**2007**	2006
Current:			
Contracts receivable	16.1	**P 80,889,731**	P 94,153,516
Advances to:			
related parties	16.2	**12,646,127**	12,479,370
suppliers and subcontractors		**6,409,658**	8,582,089
officers and employees		-	840,882
Others		**50,312**	-
		99,995,828	116,055,857
Allowance for impairment		**13,656,715**	**-**
		P 86,339,113	P 116,055,857
Non-current:			
Refundable deposits		**P 732,380**	P 732,380
Security deposits		**132,510**	1,008,245
Others		**4,000**	4,000
		P 868,890	P 1,744,625

Contracts receivable is broken down as follows:

	2007	2006
Billed	**P 50,850,041**	P 43,275,702
Unbilled	**10,042,065**	20,957,345
	60,892,106	64,233,047
Retention	**19,997,625**	29,920,469
	P 80,889,731	P 94,153,516

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and provisions have been recorded accordingly. The impaired trade receivables are mostly from long outstanding contract receivables.

Based on historical default rates, about 42% of the balance of trade and other receivables, which are not impaired nor past due, relates to customers that have a good track record with the Company.

Management considers the carrying amounts of the current trade and other receivables to be a reasonable approximate of the fair values because of the short duration.

The carrying amounts of refundable and security deposits which are stated at costs are regarded as the fair value since the timing of the refund or settlement of the deposits could not be reasonably estimated.

5. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2007	2006
Creditable withholding taxes	**P 14,061,113**	P 11,045,133
Prepaid expenses	**1,213,998**	938,241
	P 15,275,111	P 11,983,374

6. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and impairment at the beginning and end of 2007 and 2006 are shown below.

	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Total
December 31, 2007					
Cost	P 11,444,446	P 325,000	P 1,098,630	P 29,944,091	P 42,812,167
Accumulated depreciation	(10,887,469)	(195,000)	(1,087,645)	(20,741,717)	(32,911,831)
Accumulated impairment loss	(415,409)	(48,241)	-	(2,386,885)	(2,850,535)
Net carrying amount	**P 141,568**	**P 81,759**	**P 10,985**	**P 6,815,489**	**P 7,049,801**
December 31, 2006					
Cost	P 11,251,135	P 325,000	P 1,134,980	P 29,944,091	P 42,655,206
Accumulated depreciation	(10,359,373)	(130,000)	(920,475)	(15,158,416)	(26,568,264)
Net carrying amount	P 891,762	P 195,000	P 214,505	P 14,785,675	P 16,086,942
January 1, 2006					
Cost	P 10,999,076	P 325,000	P 1,080,605	P 29,789,091	P 42,193,772
Accumulated depreciation	(8,114,121)	(65,000)	(708,051)	(9,583,666)	(18,470,838)
Net carrying amount	P 2,884,955	P 260,000	P 372,554	P 20,205,425	P 23,722,934

A reconciliation of the carrying amounts at the beginning and end of 2007 and 2006, of property and equipment is shown below.

	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Construction Equipment	Total
Balance at January 1, 2007, net of accumulated depreciation and impairment	P 891,762	P 195,000	P 214,505	P 14,785,675	P 16,086,942
Additions	193,311	-	-	-	193,311
Depreciation and amortization charges for the year	(528,096)	(65,000)	(203,520)	(5,583,301)	(6,379,917)
Impairment loss	(415,409)	(48,241)	-	(2,386,885)	(2,850,535)
Balance at December 31, 2007, net of accumulated depreciation, amortization and impairment	**P 141,568**	**P 81,759**	**P 10,985**	**P 6,815,489**	**P 7,049,801**
Balance at January 1, 2006, net of accumulated depreciation and amortization	P 2,884,955	P 260,000	P 372,554	P 20,205,425	P 23,722,934
Additions	252,059	-	54,375	155,000	461,434
Depreciation and amortization charges for the year	(2,245,252)	(65,000)	(212,424)	(5,574,750)	(8,097,426)
Balance at December 31, 2006, net of accumulated depreciation and amortization	P 891,762	P 195,000	P 214,505	P 14,785,675	P 16,086,942

The amount of depreciation and amortization is allocated as follows:

	Note	2007	2006	2005
Contract costs	10	**P 6,301,547**	P 7,803,793	P 7,663,805
Administrative expenses		**78,370**	293,633	285,759
		P 6,379,917	P 8,097,426	P 7,949,564

As of December 31, 2007 and 2006, fully depreciated assets amounted to P9.2 million and P8.9 million, respectively.

In 2007, the Company recognized an impairment loss of P2.9 million to write down to recoverable amount certain assets following the re-focusing of its business from construction activities to real estate development (see Note 22). The impairment loss was charged as part of Other Losses account under Other Income (Charges) section in the 2007 income statement.

7. INVESTMENT PROPERTY

The Company's investment property pertains to a parcel of land which is held for long-term capital appreciation.

The details of investment property as of December 31, 2007 and 2006 are as follows:

Acquisition cost	P 41,928,064
Accumulated impairment	(9,425,688)
	P 32,502,376

The fair market value of the Investment Property based on the report of the independent appraiser as of January 29, 2007 is P32.5 million. Management believes that this fair value will not materially differ had the appraisal been made as of December 31, 2007.

8. INTEREST-BEARING LOANS

Interest-bearing loans represent unsecured loans from local banks bearing annual interest rates ranging from 7% to 11% in 2007, 11% in 2006, and 11.50% in 2005. The outstanding interest-bearing loan as of December 31, 2007 will mature on December 22, 2008 while the outstanding loan balance as of December 31, 2006 matured on December 28, 2007. Interest expense incurred by the Company amounted to P 755,417, P1,182,917 and P1,213,819 in 2007, 2006 and 2005, respectively, and is shown as part of Finance Costs in the income statements (see Note 13).

9. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2007**	2006
Trade payables		**P 24,825,292**	P 24,299,232
Advances from customers	16.1	**10,907,428**	21,367,150
Deferred output value-added tax		**9,184,165**	6,080,283
Retention fees		**6,574,476**	7,722,143
Accrued expenses		**4,657,477**	4,613,313
Miscellaneous	16.2	**925,407**	822,815
		P 57,074,245	P 64,904,936

Advances from customers represent advances received by the Company relative to its existing construction contracts. Such advances are being applied to the progress billings of the Company.

The fair values of trade and other payables have not been individually disclosed as, due to their short duration, management considers the carrying amounts recognized in the balance sheets to be a reasonable approximation of their fair values.

10. CONTRACT COSTS

The details of this account are shown below.

	Note	**2007**	2006	2005
Construction materials used		**P 83,945,524**	P 118,200,918	P 154,847,282
Direct labor		**35,803,327**	59,205,238	78,176,188
Construction overhead:				
Indirect labor		**10,858,747**	9,265,991	8,799,437
Depreciation and amortization	6	**6,301,547**	7,803,793	7,663,805
Utilities and communication		**2,579,303**	3,382,844	1,283,631
Repairs and maintenance		**2,412,057**	1,541,030	1,768,915
Taxes and licenses		**1,303,464**	1,448,583	1,600,672
Miscellaneous		**5,616,281**	3,291,056	3,749,787
		P 148,820,250	P 204,139,453	P 257,889,717

11. OTHER OPERATING INCOME AND EXPENSES

Presented below are the details of this account:

11.1 Other Operating Income

	2007	2006	2005
Income from sale of concrete	**P -**	P 719,009	P -
Rental of equipment	**-**	16,500	5,950
Miscellaneous	**149,829**	236,469	177,524
	P 149,829	P 971,978	P 183,474

11.2 Other Operating Expenses

	2007	2006	2005
Representation and entertainment	**P 2,895,652**	P 52,623	P 70,810
Provision for repairs	**1,636,891**	-	-
Subscriptions	**400,773**	378,264	346,470
Utilities and communication	**395,655**	320,752	336,084
Stationery and supplies	**211,216**	169,298	144,616
Seminars and training	**101,444**	156,179	342,356
Miscellaneous	**600,962**	831,859	963,499
	P 6,242,593	P 1,908,975	P 2,203,835

12. OPERATING EXPENSES BY NATURE

The details of Operating Expenses by nature are shown below:

	Notes	2007	2006	2005
Construction materials used		**P 83,945,524**	P 118,200,918	P 154,847,282
Outside services		**35,803,327**	59,205,238	78,176,188
Salaries and employee benefits	14	**19,931,423**	18,645,501	18,084,492
Losses on contracts		**13,442,327**	-	-
Depreciation and amortization	6	**6,379,917**	8,097,426	7,949,564
Taxes and licenses		**3,254,700**	4,054,073	3,765,883
Utilities and communication		**2,974,958**	3,703,596	1,619,715
Repairs and maintenance		**2,454,356**	1,563,571	1,985,932
Provision for repairs		**1,636,891**	-	-
Rental	19.1	**700,787**	695,941	999,747
Professional fees		**446,322**	600,741	601,270
Miscellaneous		**9,593,880**	4,647,734	5,231,413
		P 180,564,412	P 219,414,739	P 273,261,486

These expenses are classified in the income statements as follows:

	Notes	2007	2006	2005
Contract costs	10	**P 148,820,250**	P 204,139,453	P 257,889,717
Administrative expenses		**25,501,569**	13,366,311	13,167,934
Other operating expenses	11	**6,242,593**	1,908,975	2,203,835
		P 180,564,412	P 219,414,739	P 273,261,486

13. OTHER CHARGES

13.1 Finance Costs

The breakdown of this account is as follows:

	Note	2007	2006	2005
Impairment of receivables		**P 13,064,543**	P -	P -
Interest	8	**755,417**	1,182,917	1,213,819
		P 13,819,960	P 1,182,917	P 1,213,819

13.2 Other Losses

This account consists of the following:

	2007	2006	2005
Impairment loss on property and equipment	**P 2,850,535**	P -	P -
Loss on damaged materials	**392,007**	186,484	122,905
Loss on transfer of transportation equipment	**-**	-	26,500
	P 3,242,542	P 186,484	P 149,405

14. EMPLOYEE BENEFITS

14.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits (see Note 12) are presented below:

	2007	2006	2005
Salaries and wages	**P 15,342,799**	P 15,647,114	P 15,943,927
Social security costs	**720,615**	583,271	570,344
Retirement benefit	**701,117**	536,739	359,565
Others	**3,166,892**	1,878,377	1,210,656
	P 19,931,423	P 18,645,501	P 18,084,492

14.2 Employee Retirement Benefit Obligation

The Company has not established a formal retirement plan. However, it recognizes the estimated retirement benefit obligation under RA 7641 using the projected unit credit method as computed by an actuary.

Actuarial valuations are made periodically to update the retirement benefit costs and the amount of contributions. The last actuarial valuation was made for the year ended December 31, 2007.

The amounts of retirement benefit obligation recognized in the balance sheets are determined as follows:

	2007	2006
Present value of the obligation	**P 3,104,328**	P 2,246,887
Unrecognized actuarial gains (losses)	**(146,977)**	9,347
Retirement benefit obligation	**P 2,957,351**	P 2,256,234

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

		2007		2006
Balance at beginning of year	**P**	**2,246,887**	P	1,710,148
Actuarial loss		**156,324**		-
Current service cost and interest cost		**701,117**		536,739
Balance at end of year	**P**	**3,104,328**	P	2,246,887

The amounts of retirement benefit expense recognized in the income statements are as follows:

		2007		2006		2005
Current service costs	**P**	**520,692**	P	331,521	P	230,356
Interest costs		**180,425**		205,218		140,406
Net actuarial gains recognized during the year		**-**		-		(11,197)
Retirement benefit expense	**P**	**701,117**	P	536,739	P	359,565

In determining the retirement benefit obligation, the following actuarial assumptions were used:

	2007	2006	2005
Discount rates	**8%**	12%	14%
Expected rate of return on plan assets	**10%**	10%	10%
Expected rate of salary increases	**8%**	8%	8%

15. TAXES

The major components of tax expense (income) for the years ended December 31 are as follows:

		2007		2006		2005
Current tax expense:						
Minimum corporate income tax (MCIT; at 2%)	**P**	**310,168**	P	-	P	-
Final tax (at 20%)		**10,638**		27,355		17,983
Regular corporate income tax (RCIT; at 35% in 2007 and 2006, 32.5% in 2005)		**-**		398,547		1,281,151
Balance forwarded		**320,806**		425,902		1,299,134

	2007	2006	2005
Balance brought forward	**P 320,806**	P 425,902	P 1,299,134
Deferred tax income:			
Deferred tax relating to origination and reversal of temporary difference	**(11,062,824)**	(187,859)	(116,859)
Deferred tax resulting from an increase in RCIT rate	**-**	-	(332,557)
	(11,062,824)	(187,859)	(449,416)
Tax expense (income) reported in income statements	**(P 10,742,018)**	P 238,043	P 849,718

The reconciliation of tax on pretax income (loss) computed at the applicable statutory rates to tax expense is as follows:

	2007	2006	2005
Tax on pretax income (at 35% in 2007 and 2006, and 32.5% in 2005)	**(P 11,807,177)**	P 206,440	P 1,182,215
Adjustment for income subjected to lower income tax rates	**(7,978)**	(20,517)	(11,239)
Tax effects of:			
Non-deductible expenses	**1,073,137**	52,120	11,299
Increase in deductible temporary difference due to change in RCIT rate	**-**	-	(332,557)
Tax expense (income) reported in income statements	**(P 10,742,018)**	P 238,043	P 849,718

The deferred tax assets as of December 31 relate to the following:

	Balance Sheets		**Income Statements**		
	2007	2006	**2007**	2006	2005
Net operating loss carry-over (NOLCO)	**P 4,250,876**	P -	**(P 4,250,876)**	P -	P -
Impairment losses on trade and other receivables	**4,572,590**	-	**(4,572,590)**	-	-
Accumulated impairment loss on investment property	**3,298,991**	3,298,991	**-**	-	(282,771)
Retirement benefit obligation	**1,035,073**	789,682	**(245,391)**	(187,859)	(166,645)
Impairment losses on property, and equipment	**997,687**	-	**(997,687)**	-	-
Provisions	**686,112**	-	**(686,112)**	-	-
MCIT	**310,168**	-	**(310,168)**	-	-
Deferred Tax Income			**(P11,062,824)**	(P 187,859)	(P 449,416)
Deferred Tax Assets	**P 15,151,497**	P 4,088,673			

The Company is subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations. In 2007, MCIT and NOLCO amounting to P0.3 million and P12.1 million, respectively, can be claimed as tax credit up to 2010. No MCIT was reported in 2006 and 2005 as the RCIT was higher than MCIT in these years.

16. RELATED PARTY TRANSACTIONS

The Company's related parties include entities under common ownership and the Company's key management and others as described below.

The following are the significant transactions 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 and the outstanding balances are as follows:

	Amount of Transactions			**Outstanding Balances**	
	2007	2006	2005	**2007**	2006
Earth + Style Corporation (ESC)	**P 48,757,297**	P 40,135,010	P 84,241,413	**P10,014,795**	P25,787,570
Extraordinary Development Corporation (EDC)	**42,504,922**	35,373,898	7,974,533	**21,490,034**	15,736,509
First Advance Development Corporation (FADC)	**21,505,599**	-	-	**10,417,220**	-
Earth Prosper Corporation (EPC)	**20,416,692**	10,569,446	-	**7,672,482**	2,609,743
Verdant Point Development Corporation (VDC)	**13,381,071**	19,672,583	-	**5,733,487**	8,100,068
Kaiser Realty Development Corporation (KRDC)	**10,627,483**	19,626,223	93,714,369	**5,010,434**	4,350,414
One Asia Development Corporation (OADC)	**5,187,742**	1,977,560	10,908,965	**2,084,880**	1,429,163
Acerhomes Development Corporation (ADC)	**1,249,885**	27,000,366	50,173,249	**9,625,874**	16,320,720
Earth Aspire Corporation (EAC)	**5,823**	64,585,973	25,052,741	**8,246,094**	18,924,171
EDC – ESC	**-**	1,324,158	5,923,636	**535,532**	895,158
	P 163,636,514	P 220,265,217	P 277,988,906	**80,830,832**	94,153,516
Less allowance for impairment				**13,656,715**	-
				P67,174,117	P94,153,516

The outstanding balances are shown as part of Contracts Receivable under the Trade and Other Receivables account in the balance sheets (see Note 4).

The composition of the outstanding balances of contracts receivable are as follows:

	2007			2006		
	Trade Receivables	Retention Receivables	Total	Trade Receivables	Retention Receivables	Total
EDC	P 20,857,925	P 632,109	P 21,490,034	P 15,104,400	P 632,109	P 15,736,509
FADC	10,417,220	-	10,417,220	-	-	-
ESC	2,824,743	7,190,052	10,014,795	12,852,093	12,935,477	25,787,570
ADC	6,449,179	3,176,695	9,625,874	12,626,344	3,694,376	16,320,720
EAC	4,222,508	4,023,586	8,246,094	10,694,789	8,229,382	18,924,171
EPC	4,489,652	3,182,830	7,672,482	1,584,422	1,025,321	2,609,743
VDC	4,617,235	1,116,251	5,733,487	6,596,416	1,503,652	8,100,068
KRDC	5,010,434	-	5,010,434	4,350,414	-	4,350,414
OADC	1,691,393	393,487	2,084,880	35,977	1,393,186	1,429,163
EDC – ESC	252,917	282,615	535,532	388,192	506,966	895,158
	60,833,206	19,997,625	80,830,832	64,233,047	29,920,469	94,153,516
Less allowance for impairment	11,128,600	2,528,115	13,656,715	-	-	-
	P 49,704,606	P 17,469,510	P 67,174,117	P 64,233,047	P 29,920,469	P 94,153,516

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, 2007 and 2006, shown as Advances from Customers under the Trade and Other Payables account in the balance sheets (see Note 9), amounted to P10,907,428 and P21,367,150, respectively.

16.2 Advances to/from Related Parties

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

	2007	2006
Advances to related parties under common ownership:		
Balance at beginning of year	P 12,479,370	P 9,218,463
Additions	857,802	3,260,907
Repayments	(691,045)	-
Balance at end of year	P 12,646,127	P 12,479,370
Advances from related parties under common stockholders	P -	P 93,882

The outstanding balances of advances to related parties shown as Advances to Related Parties are as follows:

	2007	2006
Prosperity Builders Resources, Inc.	**P 5,478,194**	P 5,478,194
City and Life Property, Inc.	**3,226,045**	2,959,235
EDC	**1,959,239**	1,959,239
ESC	**1,731,309**	1,707,226
Others	**251,340**	375,476
	P 12,646,127	P 12,479,370

Advances to related parties are shown as part of the Trade and Other Receivables account (see Note 4) while the Advances from related parties under common stockholders are recorded as part of the Trade and Other Payables account in the balance sheets under Miscellaneous account (see Note 9).

16.3 Key Management Personnel Compensations

	2007	2006	2005
Short-term benefits	**P 4,052,302**	P 4,690,759	P 4,333,200
Post-employment benefits	**878,777**	203,961	126,763
	P 4,931,079	P 4,894,720	P 4,459,963

17. CAPITAL STOCK

In compliance with the PSE's Rules and Regulations, all pre-IPO stockholders of the Company have agreed not to sell or otherwise dispose of their shareholdings within a period of two years from the listing of the Company's shares. The lock-up period expired on December 19, 2005. On January 9, 2006, all shares of stock are released for trading.

18. EARNINGS (LOSS) PER SHARE

The basic earnings (loss) per share were computed as follows:

	2007	2006	2005
Net income (loss)	**(P 22,992,775)**	P 351,787	P 2,787,867
Divided by the weighted average number of outstanding common shares	**110,000,000**	110,000,000	110,000,000
Earnings (loss) per share	**(P 0.209)**	P 0.003	P 0.025

The Company has no dilutive potential shares, hence, no information on diluted earnings (loss) per share is presented.

19. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

19.1 Operating Lease Commitments

The Company leases the premises where its office is presently located for a period of three years starting February 1, 2003, with the lease contract renewable under certain terms and conditions. The monthly rental fee, exclusive of value added tax, amounted to P42,970 and is subject to 10% escalation rate on the third year. Rental expense on this lease agreement charged to operations amounted to P563,604, P563,604 and P563,907 in 2007, 2006 and 2005, respectively, and is shown as part of Rental in the income statements (see Note 12). The future minimum rentals payable in 2008 under this operating lease amounts to P563,604.

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 accompanying financial statements. 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 a variety of financial risks which result from both its operating and investing activities. 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 Interest Rate Risks

At December 31, 2007, the Company is exposed to changes in market rates through its cash in bank and interest-bearing loan, which are subject to variable interest rates. However, the Company's management believes that the effect of the interest risk in cash in bank substantially mitigates the interest risk on its interest-bearing loan.

20.2 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 balance sheet (or in the detailed analysis provided in the notes to the financial statements), as summarized below:

	Note	2007
Cash		**P 6,994,033**
Trade and other receivables – net	4	**87,208,003**
		P 94,202,036

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, for a proportion of contract revenues, advance payments are received to mitigate credit risk.

None of the financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty. The credit risk for liquid funds is considered negligible, since the counterparties are mostly related parties with high quality external credit ratings.

20.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term 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, 2007, the Company's financial liabilities amounting to P66.1 million have contractual maturities within six months to one year. The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the balance sheet.

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 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 dividend payment to shareholders or pay-off existing debts.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.

22. SUBSEQUENT EVENT

On February 29, 2008, the Company's Board of Director approved to re-focus its business from construction activities to real estate development.

Punongbayan & Araullo

Report of Independent Auditors To Accompany SEC Schedule Filed Separately From the Basic Financial Statements

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We have audited the financial statements of Supercity Realty Development Corporation (the Company) for the year ended December 31, 2007 on which we have rendered our report dated April 7, 2008. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules (see table of contents) of the Company as at December 31, 2007 and for the year then ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules 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: **Mailene Sigue-Bisnar**
Partner
CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 0986665, January 4, 2008, Makati City
SEC Accreditation No. 0396-A
BIR AN 08-002511-20-2006 (Sept. 8, 2006 to 2009)

April 7, 2008

Supercity Realty Development Corporation
SEC Supplementary Schedules
December 31, 2007

Table of Contents

Supercity Realty Development Corporation

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

As of December 31, 2007

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected (2)	Current	Not Current	Balance at End Of Period
M. Sy / COO	101,329	-	101,329	-		-
E Cunanan / Finance Head	260,380		77,150	183,230	-	183,230
R. Anacito /Proj. Manager	208,353	-	101,454	106,899	-	106,899
Others	270,820		182,652	88,168	-	88,168
Total	840,882	-	462,584	378,297	-	378,297

Note: the ending balance was included in the advances to suppliers, sub-contractors, officers and employees accounts.

SUPERCITY REALTY DEVELOPMENT CORPORATION

Schedule D. Indebtedness to Unconsolidated Subsidiary and Related Parties

As of December 31, 2007

Name of Designation of Debtor	Balance Beginning of Period	Additions	Amounts Collected (2)	Amounts Written off (3)	Current	Not Current	Balance at End Of Period
Extraordinary Dev. Corp.	1,959,239				1,959,239		1,959,239
Acerhomes Dev. Corp.	164,913		124,710		40,203		40,203
Prosperity Builders Realty, Inc.	5,478,194	-			5,478,194		5,478,194
Supreme Housing Builders, Inc.	184,369	574			184,943		184,943
Earth+Style Corportation	1,707,226	24,082			1,731,308		1,731,308
One Asia Dev. Corp	24,776	-			24,776		24,776
Kaiser Realty Dev. Corp	1,418	-			1,418		1,418
City and Life Property, Inc.	2,959,235	833,146	566,335		3,226,046		3,226,045
Total	12,479,370	857,802	691,045	-	12,646,127	-	12,646,127

Supercity Realty Development Corporation
Schedule I - Capital Stock
December 31, 2007

				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 2007 and 2006	155,000,000	110,000,000	-	25,000,000	44,025,001	40,974,999

Note: Certain officers, directors and stockholders of these related parties purchased shares of stock in the company's IPO