ADDITIONAL DISCLOSURES FOR COMPANIES THAT DERIVE INCOME FROM CONSTRUCTION CONTRACTS[1]

BALANCE SHEETS (Extract)

		Notes	**2006**	2005
PAS 1.51	**CURRENT ASSETS**			
PAS 1.68(h)	Trade and other receivables	5	**2,328,000**	2,034,000
PAS 1.51	**CURRENT LIABILITIES**			
PAS 1.68(j)	Trade and other payables	12	**1,865,000**	1,361,000

INCOME STATEMENTS (Extract)

		Notes	**2006**	2005
PAS 11.39(a)	**CONTRACT REVENUE**		**52,698,123**	48,698,154
PAS 1.68(h)	**CONTRACT COSTS**	16	**48,389,756**	45,389,784
PAS 1.51	**GROSS PROFIT**		**4,308,367**	3,308,370
PAS 1.68(j)	**OPERATING EXPENSES**			
	Selling and marketing costs	17	**1,467,335**	1,235,158
	Administrative expenses	17	**398,112**	598,112
	Other operating expenses	17	**34,215**	58,215

[1] A construction contract is defined in PAS 11.13 as a contract specifically negotiated for the construction of an asset.

Notes – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.6 Construction Contracts

PAS 11.39 (b-c)

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.

PAS 11.31

The Company uses the percentage of completion method to determine the appropriate amount to recognize as revenue in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in 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 trade and other receivables 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).

Note 4 – TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**2006**	2005
Trade receivables		**P1,817,000**	P1,694,000
Allowance for impairment		**(10,000)**	(7,000)
		1,807,000	1,687,000
Loans to related parties	x	**266,000**	138,000
Prepayments		**130,000**	114,000
Amounts due from customers for contract work		**98,000**	78,000
Receivables from related parties	x	**54,000**	4,000
Retentions receivables		**23,000**	13,000
		P2,328,000	P2,034,000

The aggregate amount of costs incurred and recognized profits (less recognized losses) for all contracts in progress at the balance sheet date were P7,515,000 in 2006 and P6,083,000 in 2005.

Note 15 – TRADE AND OTHER PAYABLES

This account is consists of the following:

	Note	**2006**	2005
Trade payables		**P 1,098,000**	P 939,000
Accrued expenses		**148,000**	82,000
Advances received for contract work		**214**	131,000
Amounts due to related parties	x	**220**	119,000
Amounts due to customers for contract work		**185**	90,000
		P 1,865,000	P 1,361,000