

11 August 2022

Philippine Dealing & Exchange Corp.

37th Floor, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati City

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head - Issuer Compliance and Disclosure Department

Re: SMC SLEX Inc. Php7.3 Billion Fixed Rate Bonds
SEC Form 17 – Q Quarterly Report

Gentlemen:

In compliance with the Philippine Dealing & Exchange Corp. ("PDEX") guidelines, please find enclosed copy of our disclosure to Securities and Exchange Commission, in the form of SEC 17-Q Quarterly Report.

As agreed with you, we shall inform PDEX in case of any changes.

Very truly yours,



RAOUL EDUARDO C. ROMULO
Corporate Information Officer

Subject: Re: SMC SLEX Inc. - SEC Form 17-Q 11 August 2022

Date: Thursday, August 11, 2022 at 3:14:56 PM Philippine Standard Time

From: ICTD Submission

To: corsec.sbr

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

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NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) Secondary Reports such as: 17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST or over- the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the ELECTRONIC FILING AND SUBMISSION TOOL (eFAST) such as: AFS, GIS, GFFS, LCFS, LCIF, FCFS, FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please go to SEC website:

<https://apps010.sec.gov.ph>

For your information and guidance.

Thank you and keep safe.

COVER SHEET

SEC Registration Number

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Company Name

[illegible]

Principal Office (No./Street/Barangay/City/Town/Province)

[illegible]

Form Type

1	7	-	Q	
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Department requiring the report

M	S	R	D
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

corsec.sbr@smhc.sanmiguel.com.ph

Company's Telephone Number/s

(02) 8584-4688

Mobile Number

N/A

No. of Stockholders

13

Annual Meeting
Month/Day

2nd Thursday of May

Calendar Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Mr. Raoul Eduardo C. Romulo

Email Address

romulo@smhc.sanmiguel.com.ph

Telephone Number/s

(02) 8584-4688

Mobile Number

N/A

Contact Person's Address

11/F San Miguel Properties Centre, 7 St. Francis Street, Mandaluyong City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

Certification

I **Raoul Eduardo C. Romulo, Treasurer of SMC SLEX INC. (formerly South Luzon Tollway Corporation)** with SEC registration number **A200010622** with principal office at **11F San Miguel Properties Centre, 7 St. Francis Street, Mandaluyong City, Metro Manila**, on oath state:

- 1) That on behalf of **SMC SLEX INC. (formerly South Luzon Tollway Corporation)**, I have caused this **SEC Form 17-Q** to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company **SMC SLEX INC. (formerly South Luzon Tollway Corporation)** will comply with the requirements set forth in SEC Notice dated **June 24, 2020** for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of **August, 2022**.


Raoul Eduardo C. Romulo
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of August, 2022.

REPUBLIC OF THE PHILIPPINES)
Mandaluyong City) S.S.

71 AUG 2022

SUBSCRIBED AND SWORN to before me this day of August 2022, affiant(s) exhibiting to me his government issued identification card as herein below listed, as competent evidence of his identity:

NAME	Government Issued Identification/Issue Date/Expiry Date/Place Issued
Raoul Eduardo C. Romulo	Passport No. P3509901B/14 Oct 2019/13 Oct 2029/DFA NCR East

Doc. No. 484
Page No. 96
Book No. 1
Series of 2022.




CARLO MAGNO C. CABALLA
Commission No. 0576-22
Notary Public of Mandaluyong City
Until December 31, 2023
19th Floor San Miguel Properties Centre
No. 7 Saint Francis St. Ortigas Center, Mandaluyong City
Roll No. 73331
PTR No. 4896012; 01/26/2022; Mandaluyong City
IBP No. 198057; 01/10/2022; Rizal Chapter
MCLE Compliance No. VII-0015366; 04/12/2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2022
2. Commission Identification number A2000 10622
3. BIR Tax Identification No. 207-247-094- 00000
4. Exact name of issuer as specified in its charter
SMC SLEX INC.
5. Province, country or other jurisdiction of incorporation or organization
METRO MANILA, PHILIPPINES
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
11/F San Miguel Properties Centre, 7 St. Francis Street,
Mandaluyong City 1550
8. Issuer's telephone number, including area code
(02)8584 – 4688
9. Former name, former address and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Amount of Debt Outstanding		
	<u>Amount</u>	<u>Interest Rate</u>
Series C	<u>₱2.5 Billion</u>	<u>6.4872%</u>
11. Are any or all of the securities listed on a Stock Exchange?
Yes [] No [☒]
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
N/A

12. Indicate by check mark whether the registrant:

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

Yes [☒] No [☐]

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

Yes [☒] No [☐]

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements of SMC SLEX Inc. formerly South Luzon Tollway Corporation (the “Company”) and selected notes as at and for the period ended June 30, 2022 (with comparative figures as at December 31, 2021 and for the period ended June 30, 2021) and Selected Notes to the Financial Statements are attached herewith as “Annex A”.

ITEM 2. Management’s Discussion and Analysis of Financial Position and Financial Performance

INTRODUCTION

The following discussion and analysis of the financial position and financial performance should be read in conjunction with the attached unaudited financial statements of the Company and the related notes as at and for the period ended June 30, 2022 (with comparative figures as at December 31, 2021 and for the period ended June 30, 2021). All necessary adjustments to present fairly the financial position, financial performance and cash flows as at June 30, 2022, and for all other periods presented, have been made. Certain information and footnote disclosures normally included in the audited financial statements prepared in accordance with the Philippine Financial Reporting Standards have been omitted.

The report is presented in Philippine Peso (Peso), which is the functional currency of the Company. All values are rounded off to the nearest thousand (P000) unless otherwise indicated.

SUMMARY OF FINANCIAL INFORMATION

2022 SIGNIFICANT TRANSACTIONS

Payment of Fixed Rate Peso-Denominated Series B Bonds

The Company made full settlement of its Series B fixed rate bonds amounting to P2,400 million on the Maturity Date. The Series B bonds, which form part of the P7,300 million Series A, Series B, and Series C fixed rate bonds issued by the Corporation in 2015, were paid on May 23, 2022.

The Corporation used its internally generated funds to finance the Series B bonds maturity.

I. Financial Performance

2022 vs. 2021

	June 30		Horizontal Analysis Increase/(Decrease)		Vertical Analysis	
	2022	2021	Amount	%	2022	2021
REVENUE FROM TOLL OPERATIONS	P3,115,449	P2,669,904	P445,545	17%	100%	100%
COST OF SERVICE	(901,790)	(899,856)	1,934	0%	-29%	-34%
GROSS PROFIT	2,213,659	1,770,048	443,611	25%	71%	66%
OPERATING EXPENSES	(176,060)	(104,525)	71,535	68%	-6%	-4%
OPERATING INCOME	2,037,599	1,665,523	372,076	22%	65%	62%
OTHER INCOME (CHARGES)						
Interest expense and other financing charges	(144,152)	(160,416)	(16,264)	-10%	-5%	-6%
Interest income	32,571	33,016	(445)	-1%	1%	1%
Other income	1,451	18,518	(17,067)	-92%	0%	1%
	(110,130)	(108,882)	1,248	1%	-4%	-4%
INCOME BEFORE INCOME TAX	1,927,469	1,556,641	370,828	24%	62%	58%
INCOME TAX EXPENSE	343,608	245,186	98,422	40%	11%	9%
NET INCOME	P1,583,861	P1,311,455	P272,406	21%	51%	49%

SLEX achieved an Annual Average Daily Traffic (AADT) of 368,683, higher by 14% from 2021 AADT of 324,824 and moving closer to the pre-pandemic figures of 370,612, with the continuing implementation of lowest mobility restriction of Alert Level 1 beginning March 1, 2022. Volume increased across all classes with highest increase in class 1 and 2 by 15% and 9%, respectively. Average transaction mode for the period was 80% for RFID and 20% for cash.

Toll revenue amounted to ₱3,115.4 million, an increase of 17% from ₱2,669.9 million in 2021 and only 1% below the pre-pandemic figures of ₱3,143.6 million.

Cost of service posted minimal increase to ₱901.8 million from ₱899.9 million, the result of higher government share which corresponds to the increase in toll revenue, offset by lower repair and maintenance and insurance premiums for concession assets.

Operating expenses increased by 68% to ₱176.1 million from ₱104.5 million, the result of higher outside services by ₱66.6 million, taxes and licenses by ₱21.5 million and other operating expenses by ₱4.3 million, offset by lower depreciation and amortization by ₱20.8 million.

As a result, operating income increased by 22% to ₱2,037.6 million from ₱1,665.5 million mainly due to higher toll revenue.

For other income and charges, the Company recorded lower interest expense and other financing charges by 10% to ₱144.2 million from ₱160.4 million, due to lower outstanding balance of the retail bonds after payment of its Series B bonds on May 23, 2022. Interest income decreased by 1% due to lower average placements while Service Facility income posted an increase of 35% to ₱23.0 million from ₱17.1 million. The Company also remitted the amount of ₱25.6 million to the government through the TRB for share in service facility income in 2015 and 2016.

Income tax expense increased by 40% in 2022 due to higher taxable income. With the implementation of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, income tax expense for the period ended June 30, 2021 decreased by ₱41.8 million due to adjustment for changes in the corporate income tax rates beginning July 1, 2020.

As a result of the foregoing, net income increased by 21% to ₱1,583.9 million from ₱1,311.5 million.

2021 vs. 2020

	June 30		Horizontal Analysis Increase/(Decrease)		Vertical Analysis	
	2021	2020	Amount	%	2021	2020
REVENUE FROM TOLL OPERATIONS	₱2,669,904	₱1,985,056	₱684,848	35%	100%	100%
COST OF SERVICE	(899,856)	(812,154)	87,702	11%	-34%	-41%
GROSS PROFIT	1,770,048	1,172,902	597,146	51%	66%	59%
OPERATING EXPENSES	(104,525)	(104,324)	201	0%	-4%	-5%
OPERATING INCOME	1,665,523	1,068,578	596,945	56%	62%	54%
OTHER INCOME (CHARGES)						
Interest expense and other financing charges	(160,416)	(224,976)	(64,560)	-29%	-6%	-11%
Interest income	33,016	98,379	(65,363)	-66%	1%	5%
Other income	18,518	12,944	5,574	43%	1%	1%
	(108,882)	(113,653)	(4,771)	-4%	-3%	-6%
INCOME BEFORE INCOME TAX	1,556,641	954,925	601,716	63%	58%	48%
INCOME TAX EXPENSE	245,186	241,619	3,567	1%	9%	12%
NET INCOME	₱1,311,455	₱713,306	₱598,149	84%	49%	36%

SLEX traffic volume in the first half of 2021 showed gradual recovery since the start of the year.

Following the surge of Covid-19 positive daily cases, the government once again implemented the Enhanced Community Quarantine (ECQ) in the NCR, Cavite, Laguna, Rizal and Bulacan, known as the Greater Manila Area, from March 29, 2021 until April 11, 2021, which was eased to Modified ECQ (MECQ) from April 12, 2021 until May 14, 2021, slightly relaxing the restrictions. Traffic volume

increased after the MECQ was further eased to General Community Quarantine (GCQ) thereafter, allowing more economic activities for NCR and other areas.

AADT reached 324,824, higher by 38% from 2020 traffic volume of 235,097. Volume increased to double figures across all classes with highest increase in class 1 by 42% and class 3 by 26%. Average transaction mode for the period was 82% for RFID and 18% for cash.

Toll revenue posted an increase of 35% to ₱2,669.9 million from ₱1,985.1 million, still 15% below the pre-pandemic figures of ₱3,143.6 million.

Cost of service rose by 11% to ₱899.9 million from ₱812.2 million as a result of higher government share which corresponds to the increase in toll revenue, higher actual repair and maintenance and higher provision for resurfacing and maintenance obligation.

Operating expenses posted a slight increase from ₱104.3 million in 2020 to ₱104.5 million in 2021 due to higher depreciation by ₱2.2 million and advertising expenses by ₱3.8 million offset by lower taxes and licenses by ₱5.1 million and lower other operating expenses by ₱0.7 million. Taxes and licenses decreased mainly due to lower business permit expenses incurred during the period.

As a result, operating income increased by 56% to ₱1,665.5 million from ₱1,068.6 million mainly due to higher toll revenue.

For other income and charges, the Company recorded lower interest expense and other financing charges by 29% to ₱160.4 million from ₱225.0 million, mainly due to lower outstanding balance of the retail bonds after payment of its Series A bonds in August 2020. Interest income decreased by 66% to ₱33.0 million from ₱98.4 million due to lower average placements while Service Facility Income posted an increase of 69% to ₱17.1 million from ₱10.1 million.

Income tax expense was higher by 1% in 2021 due to higher taxable income. An adjustment was made for the changes in the tax rates beginning July 1, 2020 under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, resulting to decrease in the tax expense by ₱41.8 million for the period ended June 30, 2021.

As a result of the foregoing, net income increased significantly by 84% to ₱1,311.5 million from ₱713.3 million.

II. Financial Position

2022 and 2021

	June	December	Horizontal Analysis		Vertical Analysis	
	2022	2021	Increase/(Decrease)		2022	2021
			Amount	%		
ASSETS						
Current Assets						
Cash and cash equivalents	₱4,151,470	₱5,342,696	(₱1,191,226)	-22%	25%	31%
Trade and other receivables	1,078,488	1,144,344	(65,856)	-6%	7%	7%
Other current assets	80,957	82,893	(1,936)	-2%	0%	0%
Total Current Assets	5,310,915	6,569,933	(1,259,018)	-19%	33%	38%
Noncurrent Assets						
Service concession rights	9,937,262	9,532,979	404,283	4%	61%	55%
Property and equipment	365,468	361,503	3,965	1%	2%	2%
Computer software	477	953	(476)	-50%	0%	0%
Advances to contractors	583,924	624,321	(40,397)	-6%	4%	4%
Other noncurrent assets	110,180	100,077	10,102	10%	1%	1%
Total Noncurrent Assets	10,997,311	10,619,833	377,478	4%	67%	62%
TOTAL ASSETS	₱16,308,226	₱17,189,766	(₱881,540)	-5%	100%	100%

Total assets as at June 30, 2022 amounted to ₱16,308.2 million, lower by 5% from December 31, 2021 balance of ₱17,189.8 million.

Cash and cash equivalents amounted to ₱4,151.5 million, 22% lower from ₱5,342.7 million in 2021 after payment for capital expenditures, matured Series B retail bonds, interest expense, right of way for the TR4 project, income tax and toll road repair and maintenance during the period.

Trade and other receivables decreased by 6% to ₱1,078.5 million from ₱1,144.3 million mainly due to lower receivables from the Department of Public Work and Highways (DPWH) for right of way transactions after adjustment of 2021 transactions for ₱71.0 million. Trade and other receivables are net of allowance for ECL amounting to ₱12.2 million which pertains to advertising income for signages along SLEX that are not yet collected.

Other current assets decreased to ₱81.0 million from ₱82.9 million, mostly due to lower deferred input VAT offset by higher prepayments.

Service concession rights posted a net increase of ₱404.3 million to ₱9,937.3 million from ₱9,533.0 million. Additions include various enhancement and expansion activities and project development costs for SLEX TR4 totaling ₱673.4 million and capitalized depreciation of ₱10.9 million, offset by amortization of ₱280.0 million.

Net increase in property and equipment pertain to new vehicle and equipment amounting to ₱46.7 million offset by depreciation of ₱31.8 million and capitalized depreciation of ₱10.9 million.

Advances to contractors decreased by 6% to ₱583.9 million from ₱624.3 million due to recoupment.

Net increase in other non-current assets pertain to higher deferred tax asset of ₱11.0 million, offset by ₱0.9 million amortization of ROU asset.

	June 2022	December 2021	Horizontal Analysis Increase/(Decrease)		Vertical Analysis	
			Amount	%	2022	2021
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱523,076	₱683,088	(₱160,012)	-23%	3%	4%
Current portion of:						
Long-term debt	-	2,397,997	(2,397,997)	-100%	0%	14%
Provision for resurfacing and maintenance obligation	147,551	128,352	19,199	15%	1%	1%
Income tax payable	183,987	166,076	17,911	11%	1%	1%
Total Current Liabilities	854,614	3,375,513	(2,520,899)	-75%	5%	20%
Noncurrent Liabilities						
Noncurrent portion of:						
Long-term debt	2,488,905	2,487,193	1,712	0%	15%	14%
Provision for resurfacing and maintenance obligation	345,471	291,108	54,363	19%	2%	2%
Net retirement liability	2,178	2,755	(577)	-21%	0%	0%
Total Noncurrent Liabilities	2,836,554	2,781,056	55,498	2%	17%	16%
Total Liabilities	3,691,168	6,156,569	(2,465,401)	-40%	23%	36%
Equity						
Capital stock	3,625,000	3,625,000	-	0%	22%	21%
Retained earnings	8,990,629	7,406,768	1,583,861	21%	55%	43%
Other comprehensive income	1,429	1,429	-	0%	0%	0%
Total Equity	12,617,058	11,033,197	1,583,861	14%	77%	64%
TOTAL LIABILITIES AND EQUITY	₱16,308,226	₱17,189,766	(₱881,540)	-5%	100%	100%

Total liabilities as at June 30, 2022 amounted to ₱3,691.2 million, 40% lower from December 31, 2021 balance of ₱6,156.6 million primarily due to settlement of Series B retail bonds on May 23, 2022. Trade payables also decreased for payment of third party and related party payables. Income tax payable amounted to ₱184.0 million pertaining to tax due as of June 30, 2022.

Total Equity as at June 30, 2022 amounted to ₱12,617.1 million, higher by 14% from December 31, 2021 balance of ₱11,033.2 million, due to net income during the period of ₱1,583.9 million. On March 9, 2021, the Board of Directors approved the appropriation of ₱1,923.6 million to fund the cost of capital expenditures and other improvement projects. As at June 30, 2022, the management is currently evaluating the level of additional appropriation for capital expenditures (CAPEX) and other improvement projects in 2022.

Management intends to declare dividends in 2022 in accordance with the Company's dividend policy approved by the BOD on August 12, 2021. The amount and payout date of such declarations will be determined in accordance with the conditions required by the dividend policy.

2021 and 2020

	June	December	Horizontal Analysis		Vertical Analysis	
	2021	2020	Increase/(Decrease)		2021	2020
			Amount	%		
ASSETS						
Current Assets						
Cash and cash equivalents	₱4,969,041	₱3,998,698	₱970,343	24%	32%	28%
Trade and other receivables	597,994	243,911	354,083	145%	4%	2%
Other current assets	74,104	54,376	19,728	36%	0%	0%
Total Current Assets	5,641,139	4,296,985	1,344,154	31%	36%	30%
Noncurrent Assets						
Service concession rights	9,300,531	9,216,607	83,924	1%	59%	64%
Property and equipment	271,823	277,047	(5,224)	-2%	2%	2%
Computer software	1,432	1,909	(477)	-25%	0%	0%
Advances to contractors	431,497	469,280	(37,783)	-8%	3%	3%
Other noncurrent assets	106,025	105,373	652	1%	1%	1%
Total Noncurrent Assets	10,111,308	10,070,216	41,092	0%	64%	70%
TOTAL ASSETS	₱15,752,447	₱14,367,201	₱1,385,246	10%	100%	100%

Total assets as at June 30, 2021 amounted to ₱15,752.4 million, higher by 10% from December 31, 2020 balance of ₱14,367.2 million.

Cash and cash equivalents amounted to ₱4,969.0 million, 24% higher from ₱3,998.7 million in 2020, after payment for income tax of ₱240.4 million, interest expense of ₱152.3 million, repair and maintenance of ₱40.6 million and capital expenditures of ₱411.4 million.

Higher receivables from DPWH by 83% to ₱422.3 million from ₱230.2 million due to ROW acquisition for the TR4 project. Increase in trade and other receivables to ₱175.7 million from ₱13.7 million mainly pertain to inter-concession receivables from Skyway. Settlement was made immediately the following month.

Other current assets posted higher balance mainly for prepaid real property tax.

Service concession rights increased for enhancement cost of ₱43.7 million, TR4 cost of ₱316.8 million and capitalized depreciation of ₱3.4 million offset by amortization of ₱280.0 million.

Property and Equipment posted a net decrease as a result of purchase of new vehicle and equipment amounting to ₱50.9 million, offset by depreciation of ₱52.7 million and capitalized depreciation of ₱3.4 million.

Advances to contractors decreased by 8% to ₱431.5 million from ₱469.3 million due to recoupment.

Net increase in other non-current assets pertain to increase in prepaid tax of ₱5.5 million offset by lower deferred tax asset of ₱4.0 million and lower right-of-use asset due to amortization of ₱0.9 million.

(in Php millions)	June	December	Horizontal Analysis Increase/(Decrease)		Vertical Analysis	
	2021	2020	Amount	%	2021	2020
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱530,805	₱513,520	₱17,285	3%	3%	4%
Current portion of:						
Long-term debt	2,395,519	-	2,395,519	100%	15%	0%
Provision for resurfacing and maintenance obligation	162,655	169,838	(7,183)	-4%	1%	1%
Income tax payable	133,125	138,899	(5,774)	-4%	1%	1%
Total Current Liabilities	3,222,104	822,257	2,399,847	292%	20%	6%
Noncurrent Liabilities						
Noncurrent portion of:						
Long-term debt	2,485,537	4,877,047	(2,391,510)	-49%	16%	34%
Provision for resurfacing and maintenance obligation	316,785	251,549	65,236	26%	2%	2%
Net retirement liability	3,361	3,142	219	7%	0%	0%
Total Noncurrent Liabilities	2,805,683	5,131,738	(2,326,055)	-45%	18%	36%
Total Liabilities	6,027,787	5,953,996	73,791	1%	38%	41%
Equity						
Capital stock	3,625,000	3,625,000	-	0%	23%	25%
Retained earnings	6,098,358	4,786,903	1,311,455	27%	39%	33%
Other comprehensive income	1,302	1,302	-	0%	0%	0%
Total Equity	9,724,660	8,413,205	1,311,455	16%	62%	59%
TOTAL LIABILITIES AND EQUITY	₱15,752,447	₱14,367,201	₱1,385,246	10%	100%	100%

Accounts payable and other current liabilities posted a net increase of 3% due to higher third-party payable, retention payable, and accruals offset by lower payable to related parties.

Income tax payable amounted to ₱133.1 million and represented the amount due for the period ended June 30, 2021.

Current portion of long-term debt consists of bonds due on May, 2022, net of debt issuance costs while noncurrent portion pertains to bonds due in 2025, net of debt issuance costs.

Total current and noncurrent provision for resurfacing and maintenance obligation went up by 14% due to higher projected maintenance for the next five years.

Issued and outstanding capital stock remains at ₱3,625.0 million. Movement in unappropriated retained earnings pertain to net income of ₱1,311.5 million. During the same period, the board approved the appropriation of ₱1,923.6 million for the 2021 capital expenditures.

III. Cash Flow

2022, 2021 and 2020

A summary of cash flow movement is as follows:

	June		
	2022	2021	2020
Net cash provided by operating activities	2,025,265	1,496,230	974,079
Net cash used in investing activities	(679,660)	(373,572)	(93,678)
Net cash used in financing activities	(2,537,051)	(152,342)	(790,259)
Effect of exchange rate changes on cash and cash equivalents	220	27	19
Net increase in cash and cash equivalents	(1,191,226)	970,343	90,161
Cash and cash equivalents at beginning of year	5,342,696	3,998,698	5,021,860
Cash and cash equivalents at end of period	4,151,470	4,969,041	5,112,021

Net cash provided by operating activities pertain to net income before tax of ₱1,927.5 million adjusted for depreciation of ₱33.2 million, amortization of service concession rights of ₱280.0 million, provision for resurfacing and maintenance obligation of ₱91.9 million, interest expense and other financing charges of ₱144.2 million, interest income amounting to ₱32.6 million, unrealized foreign exchange gain of ₱0.2 million and net changes in working capital of ₱92.0 million.

Net cashflows used for investing activities consist of the following:

	June		
	2022	2021	2020
Additions to:			
Property and equipment	(₱46,657)	(₱50,876)	(₱33,004)
Service concession rights	(673,400)	(360,478)	(64,339)
Decrease in advances to contractors	40,397	37,782	3,665

Net cashflows used for financing activities consist of the following:

	June		
	2022	2021	2020
Settlement of Series B retail bonds	(₱2,400,000)	-	-
Interest expense paid	(137,051)	(₱152,342)	(₱210,259)
Dividends paid	-	-	(580,000)

ITEM 3. KEY PERFORMANCE INDICATORS

Ratio	Formula	June 30, 2022	December 31, 2021
Current ratio	Total Current Assets	₱5,310,915	₱6,569,933
	Divided by: Total Current Liabilities	854,614	3,375,513
	Current ratio	6.2	1.9
Acid test ratio	Total Current Assets	₱5,310,915	₱6,569,933
	Less: Other current assets	80,957	82,893
	Quick assets	5,229,958	6,487,040
	Divided by: Total Current Liabilities	854,614	3,375,513
	Acid test ratio	6.1	1.9
Debt-to-equity ratio	Total long-term debt	₱2,488,905	₱4,885,190
	Total equity (excluding OCI)	12,615,629	11,031,768
	Debt-to-equity ratio	0.2	0.4
Asset-to-equity ratio	Total assets	₱16,308,226	₱17,189,766
	Total equity	12,617,058	11,033,197
	Asset-to-equity ratio	1.3	1.6
Interest rate coverage ratio	Cash, beginning	₱5,342,696	₱3,998,698
	EBITDA*	2,476,458	4,187,550
	Dividends paid	-	-
		7,819,154	8,186,248
	Interest expense over the next 12 months	165,777	220,484
	Interest cover ratio	47.2	37.1

*As defined in the debt covenant

The Company's current ratio, acid test ratio, debt to equity ratio and interest coverage ratio improved due to the settlement of the Series B retail bonds last May, 2022. The Company is in compliance with its financial covenants as at and for the period ended June 30, 2022.

ITEM 4. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have material off-balance sheet arrangements with other entities.

ITEM 5. OTHER MATTERS

- a. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows, except those stated in Management's Discussion and Analysis of Financial Position and Financial Performance.
- b. There were no material changes in estimates of amounts reported in prior financial years.
- c. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the liquidity of the Company.
- d. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favorable or unfavorable impact on net sales or revenues or income from continuing operation.
- e. There were no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual reporting date.
- f. There was no material off statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.
- g. The effects of seasonality or cyclicity on the operations of the business of the Company are not material.
- h. The Company's material commitments for capital expenditure projects have been approved for the current year and are still ongoing as of June 30, 2022. These consist of construction of the TR4 project and other enhancement and expansion projects. It also includes preventive replacement of equipment to ensure that the toll collection system, traffic control and surveillance system and other critical systems of tollway operations are in good working condition. These projects will continue to be funded either by internally generated funds, shareholder advances or long-term loans.
- i. Effect of COVID-19

The new Philippine President, in his state-of-the-nation address, pledged that the country will no longer implement COVID-19 lockdowns, adding that the country cannot afford to put one in place. With the announcement, the economy is expected to

bounce back and expand once again resulting to further improvement in the traffic volume and toll revenue of SLEX.

The extent to which the pandemic will continue to impact the Company's traffic volume and toll revenue will depend on future developments, including new highly transmissible COVID-19 variants and changes in current government policy in dealing with the national health emergencies that it may cause in the future.

j. Effect of Ukraine-Russian War

Increase in oil prices have been sustained amidst lack of supply and the conflict between Ukraine and Russia. With the pandemic generally controlled resulting to opening up of more countries around the world, oil prices will be driven by the demands from the world's largest economies.

Although SLEX traffic volume and toll revenue for the period ended June 30, 2022 are close to achieving the pre-pandemic levels, the extent to which the war and demand for oil supply impacts the Company's financials will depend on future developments and cannot be quantified yet as of June 30, 2022.

PART II – OTHER INFORMATION

The Company may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C, which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

NONE

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **SMC SLEX INC. (formerly South Luzon Tollway Corporation)**

Signature and Title: 
Raoul Eduardo C. Romulo
Treasurer and CFO

Signature and Title: 
Virgilio S. De Guzman
Deputy CFO

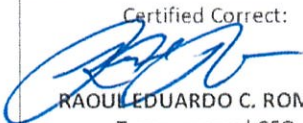
Date: **August 11, 2022**

ANNEX A

SMC SLEX INC.
(A Subsidiary of SMC SLEX HOLDINGS COMPANY INC.)
STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Note		
ASSETS			
Current Assets			
Cash and cash equivalents	4	P4,151,470	P5,342,696
Trade and other receivables	5	1,078,488	1,144,344
Other current assets	6	80,957	82,893
Total Current Assets		5,310,915	6,569,933
Noncurrent Assets			
Service concession rights	8	9,937,262	9,532,979
Property and equipment	7	365,468	361,503
Computer software	7	477	953
Advances to contractors	9	583,924	624,321
Net deferred tax assets		73,996	62,976
Other noncurrent assets	9	36,184	37,101
Total Noncurrent Assets		10,997,311	10,619,833
TOTAL ASSETS		P16,308,226	P17,189,766
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	10	P523,076	P683,088
Current portion of:			
Long-term debt	11	-	2,397,997
Provision for resurfacing and maintenance obligation	12	147,551	128,352
Income tax payable		183,987	166,076
Total Current Liabilities		854,614	3,375,513
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	11	2,488,905	2,487,193
Provision for resurfacing and maintenance obligation	12	345,471	291,108
Net retirement liability		2,178	2,755
Total Noncurrent Liabilities		2,836,554	2,781,056
Total Liabilities		3,691,168	6,156,569
Equity			
Capital stock		3,625,000	3,625,000
Retained earnings	15	8,990,629	7,406,768
Other comprehensive income		1,429	1,429
Total Equity		12,617,058	11,033,197
TOTAL LIABILITIES AND EQUITY		P16,308,226	P17,189,766

See accompanying Management's Discussion and Analysis and Selected Notes to Financial Statements

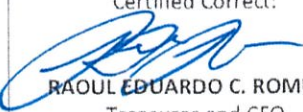
Certified Correct:

RAOUL EDUARDO C. ROMULO
Treasurer and CFO

SMC SLEX INC.
(A Subsidiary of SMC SLEX HOLDINGS COMPANY INC.)

STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands Except Earnings Per Share)

	Note	For the quarter ended			For the period ended		
		June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2022	June 30, 2021	June 30, 2020
REVENUE FROM TOLL OPERATIONS		P1,632,594	P1,296,862	P674,729	P3,115,449	P2,669,904	P1,985,056
COST OF SERVICES	14	(457,059)	(436,678)	(394,148)	(901,790)	(899,856)	(812,154)
GROSS PROFIT		1,175,535	860,184	280,581	2,213,659	1,770,048	1,172,902
OPERATING EXPENSES	14	(82,053)	(51,077)	(58,561)	(176,060)	(104,525)	(104,324)
OPERATING INCOME		1,093,482	809,107	222,020	2,037,599	1,665,523	1,068,578
OTHER INCOME (CHARGES)							
Interest expense and other financing charges	11	(64,672)	(81,629)	(111,806)	(144,152)	(160,416)	(224,976)
Interest income	4	17,489	17,020	46,989	32,571	33,016	98,379
Other income		14,264	8,588	1,753	1,451	18,518	12,944
		(32,919)	(56,021)	(63,064)	(110,130)	(108,882)	(113,653)
INCOME BEFORE INCOME TAX		1,060,563	753,086	158,956	1,927,469	1,556,641	954,925
INCOME TAX EXPENSE	16	183,254	120,755	59,764	343,608	245,186	241,619
NET INCOME		P877,309	P632,331	P99,192	P1,583,861	P1,311,455	P713,306
BASIC/DILUTED EARNINGS PER SHARE	19	P0.24	P0.17	P0.03	P0.44	P0.36	P0.20


See accompanying Management's Discussion and Analysis and Selected Notes to Financial Statements

Certified Correct:

RAOUL EDUARDO C. ROMULO
Treasurer and CFO

SMC SLEX INC.
(A Subsidiary of SMC SLEX HOLDINGS COMPANY INC.)
STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands Except Par Value Per Share and Number of Shares)

	June 30, 2022 Note (Unaudited)	December 31, 2021 (Audited)
CAPITAL STOCK-P1.00 par value		
Authorized - 4,000,000,000 shares		
Issued and outstanding - 3,625,000,000 shares	P3,625,000	P3,625,000
RETAINED EARNINGS	15	
Appropriated		
Balance at beginning of year	1,923,627	-
Appropriation for future business expansion and capital expenditures	-	1,923,627
Balance at end of period	1,923,627	1,923,627
Unappropriated		
Balance at beginning of year	5,483,141	4,786,903
Appropriation for future business expansion and capital expenditures	-	(1,923,627)
Net income	1,583,861	2,619,865
Balance at end of period	7,067,002	5,483,141
	8,990,629	7,406,768
OTHER COMPREHENSIVE INCOME		
Accumulated actuarial gain		
Balance at beginning of year	1,429	1,302
Remeasurement gain on retirement liability	-	127
Balance at end of period	1,429	1,429
	P12,617,058	P11,033,197

See accompanying Management's Discussion and Analysis and Selected Notes to Financial Statements

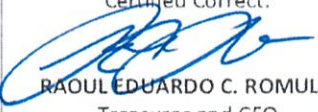
Certified Correct:

RAOUL EDUARDO C. ROMULO
Treasurer and CFO

SMC SLEX INC.
(A Subsidiary of SMC SLEX HOLDINGS COMPANY INC.)

STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

For the period ended				
	Note	June 30, 2022	June 30, 2021	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P1,927,469	P1,556,641	P954,925
Adjustment for:				
Depreciation and amortization	14	33,151	53,993	51,753
Amortization for concession right	8	279,992	279,994	280,008
Provision for resurfacing and maintenance obligation	12	91,914	94,604	59,111
Interest expense and other financing charges	11	144,152	160,416	224,976
Interest income	4	(32,571)	(33,016)	(98,379)
Unrealized foreign exchange loss gain - net		(220)	(27)	(19)
Operating income before working capital changes		2,443,887	2,112,605	1,472,375
Decrease (increase) in:				
Trade and other receivables		66,592	(355,331)	(19,592)
Other current assets		1,936	(19,728)	(22,629)
Other noncurrent assets		60	(5,462)	-
Increase (decrease) in:				
Accounts payable and other current liabilities		(160,012)	17,285	(72,602)
Retirement liability		(577)	219	(618)
Net cash generated from operations		2,351,886	1,749,588	1,356,934
Income tax paid		(330,202)	(240,405)	(370,576)
Actual resurfacing and maintenance paid	12	(21,739)	(40,616)	(96,475)
Interest received		25,319	27,662	84,196
Net cash provided by operating activities		2,025,264	1,496,229	974,079
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	7	(46,657)	(50,876)	(33,004)
Service concession rights	8	(673,400)	(360,478)	(64,339)
Decrease in advances to contractors		40,397	37,783	3,665
Net cash used in investing activities		(679,660)	(373,571)	(93,678)
CASH FLOWS FROM FINANCING ACTIVITIES				
Settlement of Series B retail bonds	11	(2,400,000)	-	-
Interest expense paid	11	(137,050)	(152,342)	(210,259)
Dividends paid		-	-	(580,000)
Net cash used in financing activities		(2,537,050)	(152,342)	(790,259)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
		220	27	19
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,191,226)	970,343	90,161
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,342,696	3,998,698	5,021,860
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P4,151,470	P4,969,041	P5,112,021

See accompanying Management's Discussion and Analysis and Selected Notes to Financial Statements

Certified Correct:

RAOUL EDUARDO C. ROMULO
Treasurer and CFO

SMC SLEX INC.
(A Subsidiary of SMC SLEX HOLDINGS COMPANY INC.)

SELECTED NOTES TO FINANCIAL STATEMENTS

1. Reporting Entity

General Information

SMC SLEX INC. formerly South Luzon Tollway Corporation (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 26, 2000, by virtue of a joint venture agreement between SMC SLEX Holdings Company Inc. (formerly MTD Manila Expressways, Inc.) and the Philippine National Construction Corporation (PNCC), primarily to engage in the rehabilitation, construction and expansion of the South Luzon Expressway (SLEX) from Alabang viaduct to Lucena, Quezon (SLEX Project) and other allied businesses necessary or otherwise engaging in any work upon the toll roads.

The Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines which took effect on February 23, 2019, the Company shall have a perpetual corporate life.

The Company is 80% owned by SMC SLEX Holdings Company Inc. (the Parent Company). The ultimate parent of the Company is Top Frontier Investment Holdings, Inc. (Top Frontier), a holding company incorporated in the Philippines.

The Company's office is located at 11/F San Miguel Properties Centre, 7 St. Francis Street, Mandaluyong City.

Retail Bond Issue

The Company has issued public bonds (the Bonds) with aggregate principal of ₱7,300.0 million with outstanding balance of ₱2,500.0 million and ₱4,900.0 million as at June 30, 2022 and December 31, 2021, respectively. The Bonds were listed at the Philippine Dealing System Holdings Corp. (PDS) on May 22, 2015 (see Note 11).

Supplemental Toll Operation Agreement (STOA)

On February 1, 2006, the Company executed the STOA with Manila Toll Expressway Systems, Inc. (MATES), PNCC and the Republic of the Philippines (ROP or the Grantor) through the Toll Regulatory Board (TRB). The STOA authorizes the Company by virtue of a joint venture to carry out the rehabilitation, construction and expansion of the SLEX Project, comprising of Toll Road (TR)1 (Alabang viaduct), TR2 (Filinvest to Calamba, Laguna), TR3 (Calamba, Laguna to Sto. Tomas, Batangas) and TR4 (Sto. Tomas, Batangas to Lucena City, Quezon). The concession granted shall expire 30 years from February 1, 2006.

On December 14, 2010, the TRB issued the Toll Operations Certificate (TOC) for Phase 1 of the SLEX i.e. TR1, TR2 and TR3, and approved the implementation of the initial toll rate starting April 1, 2011.

In 2019, the Company commenced construction of the TR4 which is still ongoing as at June 30, 2022.

Assignment of PNCC Shares

In 2012, the Company received a letter from the Department of Finance informing the Company of the conveyance by PNCC to the ROP of its shares of stock in the Company, by way of a deed of assignment. Moreover, the Company also received the Declarations of Trust signed by the individual nominees of PNCC, in favor of the ROP, in which each nominee affirmed their holding of a qualifying share in the Company in favor of the ROP.

Memorandum of Agreement on the Inter-Operability of the SLEX and the Muntinlupa-Cavite Expressway

On July 21, 2015, the Company entered into a Memorandum of Agreement (MOA) with Ayala Corporation (AC), on the inter-operability of the SLEX and Muntinlupa-Cavite Expressway (MCX) (formerly known as the Daang Hari-SLEX Connector Road). AC is the concession holder of MCX while MCX Tollway, Inc. is the facility operator of MCX.

The MOA on inter-operability provides the framework that will govern the interface and integration of the technical operations and toll operation systems between the MCX and the SLEX, to ensure seamless travel access into MCX and SLEX for road users. MCX opened on July 24, 2015 and is operating as a toll expressway.

2. Basis of Preparation and Statement of Compliance

Statement of Compliance

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

The accounting policies and methods of computation used in the preparation of unaudited interim financial statements as at and for the period ended June 30, 2022 are consistent with the most recent annual financial statements.

The unaudited interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2021.

Basis of Preparation

The financial statements are presented in Philippine Peso (Peso), which is the functional currency of the Company. All values are rounded off to the nearest thousand (P000) unless otherwise indicated.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of consideration received in exchange of incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

3. Summary of Changes in PFRS

The accounting policies adopted by the Company are consistent with those of the previous financial year. There are no new or amended PFRS which the company adopted for annual periods beginning January 1, 2021.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment available for use on or after the beginning of the earliest period presented when an entity first applied the amendments.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle contain changes to four standards, of which the following is applicable to the Company –
 - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS which are not yet effective for annual periods beginning after June 30, 2022 and have not been applied in preparing the separate financial statements are summarized below.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.
- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Under prevailing circumstances, the adoption of the amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable

4. Cash and Cash Equivalents

This account consists of:

	June 30, 2022	December 31, 2021
Cash on hand and in banks	₱1,336,455	₱1,435,389
Cash equivalents	2,815,015	3,907,307
	₱4,151,470	₱5,342,696

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations. Cash equivalents are short-term investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at short-term investments rates.

Total interest income from cash and cash equivalents recognized in profit and loss amounted to ₱32.6 million and ₱33.0 million for the period ended June 30, 2022 and June 30, 2021, respectively. Total interest receivable from short term investments amounted to ₱3.6 million and ₱2.9 million as at June 30, 2022 and December 31, 2021, respectively.

5. Trade and other receivables

This account consists of:

	Note	June 30, 2022	December 31, 2021
Receivable from Department of Public Works and Highways (DPWH)		₱1,040,391	₱1,111,441
Trade Receivables:			
Third parties		26,942	23,926
Related parties	13	18,637	17,169
Interest receivable	4	3,626	2,888
Refundable deposits		1,040	1,090
Others		29	8
		1,090,666	1,156,522
Less allowance for ECL		(12,178)	(12,178)
		₱1,078,488	₱1,144,344

Receivables from DPWH pertain to advances made by the Company for right-of-way acquisition of real property for the construction of the TR4 project.

Trade receivables are noninterest-bearing and are normally collected within 30 days. Interest receivable pertains to accruals for interest earned from cash equivalents.

Refundable deposits pertain to deposits made to utility service providers during the construction of toll plazas. These are noninterest-bearing and are collectible upon completion of the construction.

6. Other current assets

This account consists of:

	June 30, 2022	December 31, 2021
Deferred input VAT	₱42,067	₱52,384
Prepayments	29,418	18,282
Advances to contractors	9,472	12,227
	₱80,957	₱82,893

Deferred input VAT pertains to unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services.

Prepayments mainly consist of local business tax, real property tax, advertising and concession insurance.

Advances to contractors pertains to the current portion of the advance payments made in connection with TR4 project.

7. Property and Equipment and Computer Software

This account consists of:

	June 30, 2022			
	Toll Machinery and Equipment	Vehicles	Office Equipment, Furniture and Fixtures	Total
Cost				
Balance at beginning of year	P827,025	P55,917	P16,437	P899,379
Additions	41,718	3,284	1,655	46,657
Balance at end of period	868,743	59,201	18,092	946,036
Accumulated Depreciation and Amortization				
Balance at beginning of year	489,497	35,560	12,819	537,876
Depreciation and amortization	37,721	4,084	887	42,692
Balance at end of period	527,218	39,644	13,706	580,568
Net Book Value	P341,525	P19,557	P4,386	P365,468

	December 31, 2021			
	Toll Machinery and Equipment	Vehicles	Office Equipment, Furniture and Fixtures	Total
Cost				
Balance at beginning of year	P651,961	P49,847	P14,022	P715,830
Additions	175,064	6,070	2,415	183,549
Balance at end of year	827,025	55,917	16,437	899,379
Accumulated Depreciation and Amortization				
Balance at beginning of year	398,592	28,676	11,515	438,783
Depreciation and amortization	90,905	6,884	1,304	99,093
Balance at end of year	489,497	35,560	12,819	537,876
Net Book Value	P337,528	P20,357	P3,618	P361,503

Depreciation and amortization include depreciation for vehicles, toll and office equipment amounting to P10.9 million and P3.4 million for the period ended June 30, 2022 and June 30, 2021, respectively, was capitalized as part of additions to service concession rights.

Computer Software

Computer software pertains to the computer software license and related consultancy service obtained by the Company pursuant to the End User License and Service Agreement.

Computer software amounted to P0.5 million and P1.0 million as at June 30, 2022 and December 31, 2021, respectively. Amortization recognized to operating expenses amounted to P0.5 million in June 30, 2022 and June 30, 2021.

8. Service Concession Rights

This account consists of:

	June 30, 2022		
	TR1, TR2 and TR3	TR4	Total
Cost			
Balance at beginning of year	P14,462,629	P1,353,860	P15,816,489
Additions	170,654	513,620	684,274
Balance at end of period	14,633,283	1,867,480	16,500,764
Accumulated Amortization			
Balance at beginning of year	6,283,510	-	6,283,510
Amortization	279,992	-	279,992
Balance at end of period	6,563,502	-	6,563,502
Carrying Amount	P8,069,781	P1,867,480	P9,937,262

	December 31, 2021		
	TR1, TR2 and TR3	TR4	Total
Cost			
Balance at beginning of year	P14,312,632	P627,497	14,940,129
Additions	149,997	726,363	876,360
Balance at end of year	14,462,629	1,353,860	15,816,489
Accumulated Amortization			
Balance at beginning of year	5,723,522	-	5,723,522
Amortization	559,988	-	559,988
Balance at end of year	6,283,510	-	6,283,510
Carrying Amount	P8,179,119	P1,353,860	P9,532,979

Construction Revenue and Costs

The Company recognized construction revenue and costs amounting to P684.3 million and P363.9 million for the period ended June 30, 2022 and June 30, 2021, respectively, which primarily pertain to the costs incurred for the enhancement projects and the planning and development of TR4 project.

9. Advances to Contractors and Other Noncurrent Assets

Advances to Contractors

Advances to contractors pertain to advance payments made to contractors in relation to the construction of toll roads and enhancement of the toll collection system. This will be applied to subsequent billings. Advances to contractors amounted to P583.9 million and P624.3 million as at June 30, 2022 and December 31, 2021, respectively.

Other Noncurrent Assets

	Note	June 30, 2022	December 31, 2021
ROU asset	13	P23,248	P24,103
Deferred input VAT		9,400	9,401
Deposits		3,536	3,597
		P36,184	P37,101

10. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	June 30, 2022	December 31, 2021
Trade:			
Related parties	13	₱147,011	₱241,071
Third parties		67,950	170,249
Retention payable		137,411	109,344
Accrued expenses:			
Interest	11	15,677	27,533
Others		29,757	29,757
Statutory payables		48,216	29,917
Payable to PNCC		14,602	15,269
Rental deposit	13	506	492
Other current liabilities		61,946	59,456
		₱523,076	₱683,088

Trade payables are noninterest-bearing and are normally settled within one year.

Statutory payables pertain to net VAT payable, withholding taxes payables and contributions payable to various government agencies.

Payable to PNCC pertains to the outstanding consideration for the assignment by PNCC of its usufructuary rights, interests and privileges under its franchise equivalent to 1.75% of the gross toll revenue for the first 5 years, and 3% of the gross toll revenue for the sixth year and onwards, counted from the date of the issuance to MATES of the Toll Operation Permit for the SLEX Project (PNCC share). PNCC share amounted to ₱93.5 million and ₱80.1 million for the period ended June 30, 2022 and June 30, 2021, respectively (see Note 14). The outstanding balance was settled by the Company in the subsequent period.

Other current liabilities mainly pertain to accruals of professional fees, utilities, outside services and other expenses which are generally payable within the next reporting period.

The Company recognized contingencies for potential claims in the normal course of business. The outstanding balance is included under "Accrued Expenses - Others". As allowed under PAS 37, further information is not disclosed as it may prejudice the Company's negotiation with the third party.

11. Long-Term Debt

Details of the long-term debt are shown below:

	June 30, 2022	December 31, 2021
Principal		
Balance at beginning of year	₱4,900,000	₱4,900,000
Payment	(2,400,000)	-
Balance at end of period	2,500,000	4,900,000
Unamortized debt issue cost		
Balance at beginning of year	14,810	22,953
Less amortization of debt issue cost	3,715	8,143
Balance at end of period	11,095	14,810
	2,488,905	4,885,190
Less long-term debt-current portion	-	2,397,997
Long-term debt-noncurrent portion	₱2,488,905	₱2,487,193

Retail Bond Issue

On March 5, 2015, the Company's BOD authorized the Company to issue, offer and sell to the public, bonds in the aggregate principal amount of up to ₱7,300.0 million to be issued in three (3) tranches.

On May 7, 2015, the SEC issued a Permit to Sell for the general public offering of the Company's Bonds and the offer was made to institutional and retail investors from May 8, 2015 to May 14, 2015. The fund-raising exercise generated gross proceeds amounting to an aggregate principal of ₱7,300.0 million with net proceeds of ₱7,212.2 million, after deducting fees, taxes, commissions and related expenses. The net proceeds were used to prepay its outstanding Peso-denominated Corporate Notes.

The Bonds were issued in three (3) series as follows:

	Principal	Interest Rate	Term
Series A Bonds	2,400,000	4.9925% p.a.	Five years and three months
Series B Bonds	2,400,000	5.5796% p.a.	Seven years
Series C Bonds	2,500,000	6.4872% p.a.	Ten years

Interest on the Bonds shall be payable quarterly in arrears starting on August 22, 2015 for the first interest payment date, and every quarter thereafter as long as the Bonds remain outstanding.

The Company may (but shall not be obliged to) redeem all (and not a part only) of any series of the outstanding Bonds on the following relevant dates (each an "Early Redemption Option Date"). The amount payable to the Bondholders in respect of such redemptions shall be calculated based on the principal amount of the Bonds being redeemed, as the sum of:

- accrued interest on the Bonds computed from the last Interest Payment Date up to the relevant Early Redemption Option Date; and

- b. the product of the principal amount and the applicable Early Redemption Price in accordance with the following schedule:

Years from Issue Date	Series A Bonds	Series B Bonds	Series C Bonds
Three (3) Years	101.0%	—	—
Four (4) Years	100.5%	—	—
Five (5) Years and Three (3) Months	—	101.0%	—
Six (6) Years	—	100.5%	—
Seven (7) Years	—	—	102.0%
Eight (8) Years	—	—	101.0%
Nine (9) Years	—	—	100.5%

Unless previously redeemed, purchased and cancelled, the Series A Bonds, Series B Bonds and Series C Bonds will be redeemed at par or 100.00% of their face value on their respective maturity dates.

The Company redeemed and settled the series A and B bonds upon maturity on August 22, 2020 and on May 22, 2022, respectively.

Unless the Majority Bondholders shall otherwise consent in writing, the Company agrees to comply with the following financial covenants:

- Debt-to-equity ratio (ratio of interest-bearing debt to equity, as defined in the Company's bond offering prospectus dated May 15, 2015) of not more than 2.5x; and
- Interest coverage ratio of not less than 3.0x so long as any of the Bonds remain outstanding.

The Company is in compliance with its financial covenants as at and for the period ended June 30, 2022 and December 31, 2021.

Scheduled principal repayment of the Company's outstanding long-term debt is as follows:

	June 30, 2022	December 31, 2021
Within one year	P0	P2,400,000
After one year but not more than five years	2,500,000	2,500,000
	P2,500,000	P4,900,000

Total interest expense and other financing charges were recognized from the following:

	Note	June 30, 2022	June 30, 2021	June 30, 2020
Retail bond:				
Interest on long-term debt		P133,910	P148,045	P207,955
Amortization of debt issue cost		3,715	4,009	6,937
Other financing charges		3,140	4,297	2,304
		140,765	156,351	217,196
Accretion of interest on provision for resurfacing and maintenance obligation	12	3,387	4,065	7,780
		P144,152	P160,416	P224,976

Other financing charges consist of trust fees, maintenance fees and debt security agency fees.

Interest payable related to the bonds amounted to P15.7 million and P27.5 million as at June 30, 2022 and December 31, 2021 (see Note 10).

12. Provision for Resurfacing and Maintenance Obligation

This account pertains to the present value of the estimated contractual obligations of the Company to undertake the financing of the periodic maintenance which include periodic repavement, renewal and restoration of the SLEX toll roads and toll road facilities, as defined in the STOA.

Movements in this account are as follows:

	Note	June 30, 2022	December 31, 2021
Balance at beginning of year		₱419,460	₱421,387
Provision	14	91,914	45,254
Accretion of interest	11	3,387	8,129
Actual resurfacing and maintenance incurred		(21,739)	(55,310)
		493,022	419,460
Less current portion		147,551	128,352
		₱345,471	₱291,108

Key assumptions used to determine the provision for resurfacing and maintenance obligation are as follows:

	June 30, 2022	December 31, 2021
Replacement period	5 years	5 years
Discount rate range	1.70% to 3.77%	1.70% to 3.77%
Price increase	3.3%	3.3%

Discount rates represent the interest rates of government bonds that are denominated in Philippine currency in which the obligation will be paid, with extrapolated maturities corresponding to the expected payment of resurfacing obligation. Calculations are reviewed and revised every year-end.

Price increase is based on the published general inflation rates for the Philippines.

13. Related Party Transactions

The Company and related parties purchase products and services from one another in the normal course of business. The Company requires approval of the BOD for certain limits on the amount and extent of transactions with related parties.

Amount owed by/to related parties are collectible/payable in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

The Company's transactions and balances with related parties are summarized as follows:

Related Parties	Note	Nature of Transaction	Transaction Amounts		Outstanding Balance	
			June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Trade and other receivables						
Under common control	5	Interconcession	P3,118,654	P5,649,239	P14,427	P14,831
		Service facility fee	3,682	4,170	3,998	1,961
		Lease of office space	1,013	2,102	198	351
		Teller overages	170	267	14	27
		Damage to properties	18	-	-	-
					P18,637	P17,169
Other noncurrent assets						
Under common control	9	Lease of land	P856	P1,712	P23,248	P24,103
Accounts payable and other current liabilities						
Under common control	10	Operations and maintenance	P430,715	P937,172	P78,789	P142,443
		Construction management	450	28,563	34,057	70,282
		Share in expenses and lease	10,773	15,288	10,960	8,152
		Interconcession	421,165	686,708	871	1,418
		Management services -Administrative services	61,800	171,920	-	-
		Management services -ROW acquisition	38,723	66,387	6,205	11,692
		Purchase of fuel	52,624	14,855	15,882	6,083
		Purchase of other goods and services	2,075	15,385	247	1,001
		Purchase of network devices	9,498	-	-	-
					P147,011	P241,071
Under common control	10	Rental Deposit	P15	P-	P506	P492
					P147,517	P241,563
Net retirement liability						
Under common control		Retirement Plan	P797	P807	P1,086	P1,086

Receivables from Related Parties

- The Company entered into a service facility agreement with Petron Corporation for providing access to gasoline stations along the SLEX. The Company charges service facility fee for certain percentage of revenue of the gasoline stations.
- The Company entered into lease agreements with Star Infrastructure Development Corporation (SIDC) and Intelligent E-Processes Technologies Corp. (IETC) for the sublease of office space located at Calamba, Laguna. In 2021, SIDC terminated the lease agreement with the Company.
- On May 28, 2010, the Company, with MATES, SMC Skyway Corporation formerly Citra Metro Manila Tollways Corporation (Skyway) and Skyway O & M Corporation entered into a MOA on Inter-operability of Toll Collection System to ensure the inter-operability of their respective toll collection system and traffic operations in accordance with the TRB guidelines for seamless traffic system and improved quality of service to the motorists throughout the SLEX and the SMMS.

The Company has toll receivable of P14.4 million and P14.8 million as at June 30, 2022 and December 31, 2021 respectively, from Skyway resulting from the offsetting of the collections (i.e., cash and RFID transactions) made by the Company in behalf of Skyway and those collected by Skyway for the account of the Company.

Right-of Use Asset

The Company leases from Alloy Manila Toll Expressways, Inc. a parcel of land located at Calamba, Laguna, where its office building for the toll operation center and appurtenant facilities are located. The contract of lease commenced in 2010 after the completion of the toll operation center and shall be coterminous with the concession period, unless sooner terminated in accordance with the applicable provisions of the contract of lease. The Company paid the total lease consideration at the inception of the lease.

Right-of-use asset amounted to ₱23.2 million and ₱24.1 million as at June 30, 2022 and December 31, 2021, respectively.

Accounts Payable to Related Parties

- a. MATES is engaged in the operation and maintenance of the rehabilitated and expanded SLEX Project pursuant to the STOA. On May 14, 2008, the Company and MATES entered into an Operation and Maintenance (O&M) Agreement to set out the parameters and scope of the operation and maintenance of the SLEX Project, commencing upon the actual or constructive issuance by the TRB of a Toll Operation Permit. On December 14, 2010, TRB confirmed its approval of the issuance of the TOC for the entire Phase 1 of the SLEX Project. In 2019, the O&M Agreement was amended to increase the O&M fee to ₱700.0 million effective January 1, 2020 until December 31, 2021. The 2022 O&M fee remains at an annual amount of ₱700.0 million as approved by the board of directors in 2021.
- b. In 2016, the Company and IETC entered into service agreements for the non-exclusive and nontransferable license to use the toll collection system, preventive and corrective maintenance of Intelligent Transportation System, RFID management and customer services. IETC charges a monthly fixed fee for the said services. The agreement is valid until December 31, 2021 and renewed effective January 1, 2022 until December 31, 2022. Fees paid to IETC amounted to ₱80.4 million and ₱86.1 million in June 30, 2022 and June 30, 2021, respectively is presented as part of "Operations and Maintenance".
- c. The Company renewed for a period of one year its lease agreement from January 1, 2022 to December 31, 2022 with MATES for the lease of machineries and equipment used for the construction of additional lanes along SLEX. Rent expense capitalized to SCR by the Company amounted to ₱8.2 million and ₱2.5 million in June 30, 2022 and June 30, 2021, respectively.
- d. In the normal course of business, the Company purchases goods and services from its related parties.

14. Cost of Services and Operating Expenses

This account consists of:

	Note	June 30, 2022	June 30, 2021	June 30, 2020
Cost of Services:				
Operations and maintenance	13	₱433,363	₱436,137	₱404,924
Amortization of service concession rights	8	279,992	279,994	280,008
PNCC share	10	93,463	80,097	59,552
Provision for resurfacing and maintenance obligation	12	91,914	94,604	59,111
Insurance		2,705	8,595	8,559
Miscellaneous cost		353	429	-
		₱901,790	₱899,856	₱812,154

	Note	June 30, 2022	June 30, 2021	June 30, 2020
Operating Expenses:				
Outside services		P70,310	P3,758	P4,689
Taxes and licenses		41,318	19,778	24,927
Depreciation and amortization	7	33,151	53,993	51,753
Advertising		17,308	16,250	12,439
Salaries and other employee benefits		6,111	5,717	5,159
Repairs and maintenance		2,906	1,814	2,320
Communication, light and water		2,489	2,143	1,997
Office supplies		595	286	77
Transportation and travel		560	290	143
Retirement benefits cost		221	219	489
Entertainment, amusement and recreation		44	140	210
Others		1,047	137	121
		P176,060	P104,525	P104,324
		1,077,850	1,004,381	916,478

15. Retained Earnings

The Company did not declare dividends for the period ended June 30, 2022 and December 31, 2021.

On March 9, 2021, the Board of Directors approved the appropriation of P1,923.6 million to fund the cost of capital expenditures and other improvement projects. The appropriation was carried over to 2022 to fund these ongoing projects. As at June 30, 2022, the management is currently evaluating the level of additional appropriation for capital expenditures (CAPEX) and other improvement projects in 2022.

Management intends to declare dividends in 2022 to address the excess retained earnings, in accordance with the Company's dividend policy approved by the BOD on August 12, 2021. The amount and payout date of such declarations will be determined in accordance with the conditions required by the dividend policy.

16. Income Taxes

The taxable income of the Company is subject to the regular corporate income tax rate of 25% in 2022 and 2021. The Company opted to use the Optional Standard Deduction (OSD) resulting in an effective tax rate of 15% of 2022 and 2021 gross profit.

The details of the provision for (benefit from) income tax are as follows:

	June 30, 2022	June 30, 2021	June 30, 2020
Current	P348,113	P234,630	P216,619
Final	6,515	6,602	19,675
Deferred	(11,020)	3,954	5,325
	P343,608	P245,186	P241,619

17. Financial Risk Management Objectives and Policies

The principal financial instruments of the Company are cash and cash equivalents, trade and other receivables, deposits (included under "Other noncurrent assets" account), accounts payable and other current liabilities (excluding statutory payables) and long-term debt.

The main purpose of these financial instruments is to fund the operations of the Company and to finance the construction and improvement of toll roads and property and equipment.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies of the Company are established to identify and manage the exposure of the Company to the financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the activities of the Company.

The main risks arising from the financial instruments of the Company are credit risk and liquidity risk. The BOD and management of the Company review and approve policies for managing each of these risks as summarized below.

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counter parties to fulfill their obligations on maturity dates or due to adverse market conditions.

Generally, the credit risk of the Company is attributable to financial assets at amortized cost. The Company enters into contracts only with counterparties who have low credit risk, maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

The credit quality of financial assets is being managed by the Company using internal credit ratings. The table below shows the credit quality by class of financial asset based on the rating system of the Company as at June 30, 2022 and December 31, 2021.

	June 30, 2022			
	Neither Past Due nor Impaired			Total
	High Grade	Standard Grade	Impaired	
Cash and cash equivalents*	P4,149,534	-	-	P4,149,534
Trade and other Receivables	1,040,391	P38,097	P12,178	1,090,666
Deposits	3,536	-	-	3,536
	P5,193,461	P38,097	P12,178	P5,243,736

* Excluding cash on hand amounting to P1.9 million

	December 31, 2021			
	Neither Past Due nor Impaired			Total
	High Grade	Standard Grade	Impaired	
Cash and cash equivalents*	P5,340,902	-	-	P5,340,902
Trade and other Receivables	1,111,441	P32,903	P12,178	1,156,522
Deposits	3,597	-	-	3,597
	P6,455,940	P32,903	P12,178	P6,501,021

* Excluding cash on hand amounting to P1.8 million

The Company evaluates credit quality on the basis of the credit strength of the security and/or counterparty/issuer. High grade financial assets are those which collectability is assured based on past experience. Standard grade financial assets are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty. The Company determines if credit risk have increased significantly when financial assets are more than 30 days past due.

Generally, receivables are written off if collection cannot be made despite exhausting all extra-judicial and legal means of collection. The maximum exposure to credit risk at reporting date is the carrying value of the financial assets. The Company does not hold collateral as security.

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments. It may result from either the inability to sell assets quickly at fair values or failure to collect from a counterparty.

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

Capital Management

The primary objective of the management is to ensure that it maintains a strong credit rating and stable capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it based on changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and process from the previous years.

The capital considered by the Company is the equity as disclosed in the statements of financial position. The Company monitors its capital using debt to equity ratio, which is total debt divided by the total equity. The Company's debt to equity is at 0.2 times and 0.4 times as at June 30, 2022 and December 31, 2021, respectively. The Company includes all interest-bearing loans and borrowings in total debt and excludes other comprehensive from total equity. As discussed in Note 11, the Company is compliant with the required debt-to-equity ratio under its debt covenants.

18. Operating Segment Information

The Company is engaged in rehabilitation, construction and expansion of SLEX Project and considers its toll operations, comprising of both cash and RFID transactions, as its one and only operating segment.

The Company has only one geographical segment as all of its assets are located in the Philippines. The Company operates and derives principally all of its revenue from domestic operations. Thus, geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with the statements of comprehensive income. The presentation and classification of segment assets and liabilities are consistent with the statements of financial position.

As at June 30, 2022 and December 31, 2021 the Company does not have a customer from which 10% or more of the revenue was derived from.

19. Earnings Per Share

Basic and diluted earnings per share were computed as follows:

	June 30, 2022	June 30, 2021	June 30, 2020
Net income for the period	₱1,583,861	₱1,311,455	₱713,306
Divided by the outstanding shares	3,625,000	3,625,000	3,625,000
Earnings per share - basic and diluted	₱0.44	₱0.36	₱0.20
