



111062017003499



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name SOUTH LUZON TOLLWAY CORP.
Industry Classification
Company Type Stock Corporation

Document Information

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SEC Registration Number

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COMPANY NAME

S O U T H L U Z O N T O L L W A Y C O R P O R A T I O N (A S u b s
i d i a r y o f M T D M a n i l a E x p r e s s w a y s , I n c .)

PRINCIPAL OFFICE (No./Street/Barangay/City/Town) Province)

S i t i o L a t i a n , B a r a n g a y M a p a g o n g , C a l a m b
a C i t y , L a g u n a

Form Type

1 7 - Q

Department requiring the report

M S R D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

-

Company's Telephone Number/s

(02) 584-4688

Mobile Number

-

No. of Stockholders

13

Annual Meeting (Month / Day)

2nd Thursday of May

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Virgilio S. De Guzman

Email Address

vdeguzman@smg.sanmiguel.com.ph

Telephone Number/s

(02) 584-4688

Mobile Number

0917-536-2537

CONTACT PERSON'S ADDRESS

55 T. Benitez, West Triangle, Quezon City

NOTE 1: 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.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.

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 September 30, 2017
2. Commission identification number A2000 10622 3. BIR Tax Identification No. 207-247-094-000

SOUTH LUZON TOLLWAY CORPORATION

4. Exact name of issuer as specified in its charter
- METRO MANILA, PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

SITIO LATIAN, BARANGAY MAPAGONG, CALAMBA LAGUNA

7. Address of issuer's principal office 4027
Postal Code
- (02)584 - 4688
8. Issuer's telephone number, including area code

NOT APPLICABLE

9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Amount	Interest Rate	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Series A	<u>P2.4 Billion</u>	<u>4.9925%</u>	<hr/>
Series B	<u>P2.4 Billion</u>	<u>5.5796%</u>	<hr/>
Series C	<u>P2.5 Billion</u>	<u>6.4872%</u>	<hr/>
Total	<u>P7.3 Billion</u>		<hr/>

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:

Not Applicable

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 I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited financial statements of South Luzon Tollway Corporation ("SLTC" or the "Company") and selected notes as at and for the period ended September 30, 2017 (with comparative figures as at December 31, 2016 and for the period ended September 30, 2016) are attached herewith as "Annex A".

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information required by Part III, Paragraph (A)(2)(b) of "Annex C" is attached herewith as "Annex B" with a Supplemental Schedule of Financial Soundness Indicators attached as "Annex B-1".

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: **South Luzon Tollway Corporation**

Signature and Title: 
Raoul Eduardo C. Romulo
Treasurer

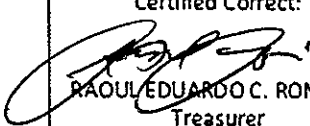
Signature and Title: 
Virgilio S. De Guzman
Deputy CFO

Date: **November 6, 2017**

SOUTH LUZON TOLLWAY CORPORATION
(A Subsidiary of MTD Manila Expressways, Inc.)
STATEMENTS OF FINANCIAL POSITION

	September 30, 2017	December 31, 2016	
	Note	(Unaudited)	(Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	P1,651,521,845	P2,208,984,518
Receivables	5	31,909,881	9,974,365
Prepayments and other current assets		219,104,665	781,941,456
Total Current Assets		1,902,536,391	3,000,900,339
Noncurrent Assets			
Service concession right	7	10,525,156,226	10,831,464,447
Property and equipment	6	244,048,389	157,975,477
Computer Software	6	2,074,200	1,037,100
Deferred tax asset		90,883,834	90,883,834
Other noncurrent assets	8	33,207,812	34,491,465
Total Noncurrent Assets		10,895,370,461	11,115,852,323
		P12,797,906,852	P14,116,752,662
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	9	P352,848,378	P381,222,989
Provision for repairs and maintenance	11	49,748,171	138,812,110
Total Current Liabilities		402,596,549	520,035,099
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	10	7,229,889,668	7,223,291,082
Provision for repairs and maintenance	11	417,383,429	366,098,081
Retirement Liability		5,248,985	4,608,600
Total Noncurrent Liabilities		7,652,522,082	7,593,997,763
Equity			
Capital stock		3,625,000,000	3,625,000,000
Retained earnings	17	1,117,510,516	2,377,442,095
Accumulated actuarial gain		277,705	277,705
Total Equity		4,742,788,221	6,002,719,800
		P12,797,906,852	P14,116,752,662


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

<p>Certified Correct:</p>  <p>RAOUL EDUARDO C. ROMULO Treasurer</p>

SOUTH LUZON TOLLWAY CORPORATION
(A Subsidiary of MTD Manila Expressways, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME

	Note	For the quarter ended		For the nine months ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
REVENUE FROM TOLL OPERATIONS		₱1,436,384,428	₱1,336,055,969	₱4,303,727,011	₱4,036,271,479
COST OF SERVICE	13	(354,324,549)	(360,857,006)	(1,130,634,334)	(1,074,218,782)
GROSS PROFIT		1,082,059,879	975,198,962	3,173,092,677	2,962,052,697
OPERATING EXPENSES	13	(74,888,703)	(18,300,615)	(129,113,598)	(62,711,541)
OPERATING INCOME		1,007,171,176	956,898,348	3,043,979,079	2,899,341,157
OTHER INCOME (CHARGES)					
Interest expense and other financing charges	10	(111,186,121)	(111,172,409)	(333,530,417)	(332,756,811)
Foreign exchange gain (loss) - net		(158,328)	22,688	(390,070)	36,539
Construction revenue		48,207,011	72,861,856	106,645,906	114,044,719
Construction costs		(48,207,011)	(72,861,856)	(106,645,906)	(114,044,719)
Interest income		9,942,015	9,053,850	19,924,912	23,534,227
Other income (charges)		3,682,370	(7,217,696)	20,985,759	558,590
INCOME BEFORE INCOME TAX		909,451,113	847,584,781	2,750,969,262	2,590,713,702
PROVISION FOR INCOME TAX		189,051,282	1,986,294	567,150,842	5,406,904
NET INCOME		720,399,831	845,598,486	2,183,818,421	2,585,306,798
OTHER COMPREHENSIVE INCOME (LOSS)		-	-	-	-
TOTAL COMPREHENSIVE INCOME		₱720,399,831	₱845,598,486	₱2,183,818,421	₱2,585,306,798

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

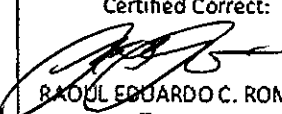
<p>Certified Correct:</p>  RAOUL EDUARDO C. ROMULO Treasurer
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SOUTH LUZON TOLLWAY CORPORATION
(A Subsidiary of MTD Manila Expressways, Inc.)

STATEMENTS OF CHANGES IN EQUITY

	September 30, 2017	December 31, 2016
	Note (Unaudited)	(Audited)
CAPITAL STOCK-P1.00 par value		
Authorized - 4,000,000,000 shares		
Issued and outstanding - 3,625,000,000 shares	P3,625,000,000	P3,625,000,000
RETAINED EARNINGS		
Balance at beginning of period	2,377,442,095	3,121,432,590
Net income	2,183,818,421	3,587,884,505
Dividend declaration	14 (3,443,750,000)	(4,331,875,000)
Balance at end of period	1,117,510,516	2,377,442,095
OTHER COMPREHENSIVE INCOME		
Accumulated actuarial gain		
Balance at beginning of period	277,705	816,919
Remeasurement gain (loss) on retirement liability	-	(539,214)
Balance at end of period	277,705	277,705
	P4,742,788,221	P6,002,719,800

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

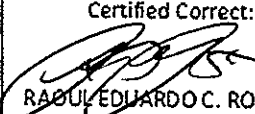
<p>Certified Correct:</p>  <p>RAOUL EDUARDO C. ROMULO Treasurer</p>

SOUTH LUZON TOLLWAY CORPORATION
(A Subsidiary of MTD Manila Expressways, Inc.)

STATEMENTS OF CASH FLOWS

		For the nine months ended	
	Note	September 30, 2017	September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		P2,750,969,262	P2,590,713,702
Adjustment for:			
Depreciation and amortization	6	34,271,799	28,371,483
Amortization for concession right	7	412,954,128	412,241,468
Retirement benefit cost		640,385	540,137
Provision for repairs and maintenance	11	65,630,536	76,907,871
Interest expense and other financing charges	10	333,530,417	332,756,811
Interest income		(19,924,912)	(23,534,227)
Unrealized FX loss (gain)		390,070	(36,539)
Operating Income before working capital changes		3,578,461,686	3,417,960,706
Decrease (increase) in:			
Receivables		(21,935,516)	(70,099,192)
Other current assets		562,895,830	26,670,521
Increase (decrease) in:			
Accounts payable and other current liabilities		(28,374,610)	(34,167,449)
Cash generated from operations		4,091,047,389	3,340,364,586
Interest expense paid		(313,063,281)	(314,992,092)
Income tax paid (CWT and Prepaid Taxes)		(567,209,881)	(5,406,904)
Payment for repairs and maintenance		(117,277,677)	(49,114,117)
Interest received		19,924,912	23,534,227
Net cash provided by operating activities		3,113,421,462	2,994,385,699
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	6	(120,344,710)	(39,670,363)
Computer software		(1,037,100)	-
Service concession right	7	(106,645,906)	(114,044,719)
Decrease in other noncurrent assets		1,283,653	4,707,869
Net cash used in investing activities		(226,744,064)	(149,007,212)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	14	(3,443,750,000)	(4,331,875,000)
Net cash used in financing activities		(3,443,750,000)	(4,331,875,000)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		(390,070)	36,539
NET DECREASE IN CASH AND CASH EQUIVALENTS		(557,462,672)	(1,486,459,974)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,208,984,518	2,573,798,575
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P1,651,521,846	P1,087,338,601

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

<p>Certified Correct:</p>  <p>RAOUL EDJARDO C. ROMULO Treasurer</p>

SOUTH LUZON TOLLWAY CORPORATION
(A Subsidiary of MTD Manila Expressways, Inc.)

SELECTED NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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 (JVA) between MTD Manila Expressways, Inc. (MTDME) 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 is a subsidiary of MTDME (the Parent Company), a domestic corporation engaged in general construction, project management and administration. The ultimate parent of the Company is Top Frontier Investment Holdings, Inc., a holding company incorporated in the Philippines.

The registered office address of the Company is Sitio Latian, Barangay Mapagong, Calamba City, Laguna.

Retail Bond Issue

On March 5, 2015, the Company's Board of Directors (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. The net proceeds were used to prepay its outstanding Corporate Notes.

On May 7, 2015, the SEC issued a Permit to Sell for the general public offering of the Company's retail bonds (Bonds) and the offer was made to institutional and retail investors from May 8, 2015 to May 14, 2015.

The Bonds were listed at the Philippine Dealing System Holdings Corp. & Subsidiaries (PDS) on May 22, 2015.

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). The concession granted shall expire 30 years from February 1, 2006.

On December 14, 2010, the TRB issued the Toll Operations Certificate for Phase 1 of the SLEX i.e. TR1, TR2 and TR3, and approved the implementation of the Company's initial toll rate starting January 1,

2011. The Company charged the initial toll rate on a staggered basis, with full implementation on April 1, 2011.

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 single, qualifying share in the Company in favor of the ROP.

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

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

The MOA on Interoperability and the addendum provide 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 and operated as a toll expressway beginning July 24, 2015.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation and Presentation

The financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso, which is the Company's functional currency. All values are in absolute amounts unless otherwise indicated.

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 unaudited interim financial statements as at and for the nine months ended September 30, 2017 and 2016 have been prepared in accordance with PAS 34, *Interim Financial Reporting*. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

3. Summary of Changes in PFRS

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, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.
- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the period ended June 30, 2017 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments* - This standard will replace PAS 39 (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

- IFRS 15, *Revenue from Contracts with Customers* – It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.).

Effective for annual periods beginning on or after January 1, 2019:

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees’ balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and 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:

	September 30, 2017	December 31, 2016
Cash on hand and in banks	P470,804,269	P481,672,819
Cash equivalents	1,180,717,576	1,727,311,699
	P1,651,521,845	P2,208,984,518

Cash in banks earn interest at the prevailing bank’s deposit rates. 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 the prevailing short-term investments rates.

5. Receivables

This account consists of:

	Note	September 30, 2017	December 31, 2016
Trade Receivables:			
Related party	12	P24,951,819	P633,531
Third parties		924,677	4,364,703
Refundable deposits		2,473,579	2,473,579
Receivable from DPWH		1,555,800	1,555,800
Others		3,559,805	2,502,552
		33,465,681	11,530,165
Less allowance for doubtful accounts		(1,555,800)	(1,555,800)
		P31,909,881	P9,974,365

Trade receivables are noninterest-bearing and are normally collected within 30 days.

Other receivables are usually settled within one year.

No movement in allowance for doubtful accounts in 2017 and 2016.

6. Property and Equipment

This account consists of:

Cost	September 30, 2017					Total
	Toll Machinery and Equipment	Vehicles	Computer and Office Equipment	Furniture and Fixtures	Leasehold Improvements	
Balance at beginning of year	P239,253,354	P23,483,928	P9,901,722	P5,215,006	P1,929,943	P279,783,953
Additions	117,454,027	2,167,857	722,828	-	-	120,344,712
Disposal	-	-	-	-	-	-
Reclassification	1,569,174	(1,569,174)	-	-	(1,929,943)	(1,929,943)
Balance at end of period	358,276,555	24,082,611	10,624,550	5,215,006	-	398,198,722
Accumulated Depreciation and Amortization						
Balance at beginning of year	86,064,496	20,412,827	8,413,884	4,987,326	1,929,943	121,808,476
Reclassification/adjustment	1,155,923	-	(1,155,923)	-	-	-
Depreciation and amortization	33,010,697	621,295	563,915	75,893	(1,929,943)	(1,929,943)
Balance at end of period	120,231,116	21,034,122	7,821,876	5,063,219	-	34,271,799
Net Book Value	P238,045,439	P3,048,489	P2,802,674	P151,787	-	P244,048,389

Cost	December 31, 2016					Total
	Toll Machinery and Equipment	Vehicles	Computer and Office Equipment	Furniture and Fixtures	Leasehold Improvements	
Balance at beginning of year	P101,521,996	P24,343,037	P29,585,503	P4,911,433	P1,929,943	P162,291,912
Additions	117,309,849	-	769,459	303,573.00	-	118,382,881
Disposal	-	(859,109)	(31,731)	-	-	(890,840)
Reclassification	20,421,509	-	(20,421,509)	-	-	-
Balance at end of year	239,253,354	23,483,928	9,901,722	5,215,006	1,929,943	279,783,953
Accumulated Depreciation and Amortization						
Balance at beginning of year	43,975,043	19,993,395	11,505,615	4,911,433	1,929,943	82,315,429
Depreciation and amortization	32,869,014	1,278,541	6,160,439	75,893	-	40,383,887
Disposal	-	(859,109)	(31,731)	-	-	(890,840)
Reclassification	9,220,439	-	(9,220,439)	-	-	-
Balance at end of year	86,064,496	20,412,827	8,413,884	4,987,326	1,929,943	121,808,476
Net Book Value	P153,188,858	P3,071,101	P1,487,838	P227,680	-	P157,975,477

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 with SMITS, Inc. amounting to ₱2.1 million (see Note 12).

7. Service Concession Right

This account consists of:

	September 30, 2017		
	TR1, TR2 and TR3	TR4	Total
Cost			
Balance at beginning of year	₱14,108,315,358	₱222,872,130	₱14,331,187,488
Additions	60,988,800	45,657,106	106,645,906
Balance at end of period	14,169,304,158	268,529,236	14,437,833,394
Accumulated Amortization			
Balance at beginning of year	3,499,723,041	-	3,499,723,041
Amortization	412,954,128	-	412,954,128
Balance at end of period	3,912,677,169	-	3,912,677,169
Carrying Amount	₱10,256,626,989	₱268,529,236	₱10,525,156,226

	December 31, 2016		
	TR1, TR2 and TR3	TR4	Total
Cost			
Balance at beginning of year	₱14,032,849,824	₱174,022,557	₱14,206,872,381
Additions	75,465,534	48,849,573	124,315,107
Balance at end of year	14,108,315,358	222,872,130	14,331,187,488
Accumulated Amortization			
Balance at beginning of year	2,949,733,793	-	2,949,733,793
Amortization	549,989,248	-	549,989,248
Balance at end of year	3,499,723,041	-	3,499,723,041
Carrying Amount	₱10,608,592,317	₱222,872,130	₱10,831,464,447

As at September 30, 2017, no actual construction has yet commenced on TR4 project.

8. Other Noncurrent Assets

This account consists of:

	Note	September 30, 2017	December 31, 2016
Prepaid land lease - net of current portion	12	₱29,666,667	₱30,950,320
Deposits		3,541,145	3,541,145
		₱33,207,812	₱34,491,465

9. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	September 30, 2017	December 31, 2016
Trade:			
Related parties	12	₱64,368,072	₱124,089,891
Third parties		112,934,627	84,536,126
Accrued expenses:			
Interest	10	38,509,521	38,509,521
Others		53,341,569	20,214,938
Statutory payables		46,304,744	59,936,065
Payable to PNCC		15,031,455	16,023,725
Other Current Liabilities		22,358,390	37,912,723
		₱352,848,378	₱381,222,989

These liabilities are noninterest-bearing and are normally settled within one year.

Payable to PNCC pertains to 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 issuances to MATES of the Toll Operation Permit for the SLEX Project (PNCC share). PNCC share amounted to ₱ 129.1 million and ₱ 121.1 million for the period ended September 30, 2017 and 2016, respectively (see Note 13). The outstanding balance was settled by the Company in the subsequent period.

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

The Company recognized contingencies arising from certain claims in the normal course of business. The outstanding balance is included under "Accounts Payable and Other Current Liabilities - Others". The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Company's negotiation with the third party.

10. Long-Term Debt

Details of the long-term debt are shown below:

	September 30, 2017	December 31, 2016
Principal	₱7,300,000,000	₱7,300,000,000
Less unamortized debt issue cost	(70,110,332)	(76,708,918)
	₱7,229,889,668	₱7,223,291,082

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	₱ 2,400,000,000	4.9925% p.a.	Five years and three months
Series B Bonds	2,400,000,000	5.5796% p.a.	Seven years
Series C Bonds	2,500,000,000	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. Interest payable related to the bonds amounted to ₱ 38.51 million as at September 30, 2017 and December 31, 2016 (see Note 9).

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
- 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.

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

- a. 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
- b. 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 nine months ended September 30, 2017.

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

	September 30, 2017	December 31, 2016
After one year but not more than five years	₱4,800,000,000	₱2,400,000,000
More than five years	2,500,000,000	4,900,000,000
	₱7,300,000,000	₱7,300,000,000

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

	Note	September 30, 2017	September 30, 2016
Interest expense:			
Long Term Debt - Retail Bonds		₱311,932,800	₱311,932,800
Accretion of interest on provision for resurfacing obligation	11	13,868,550	13,386,465
Other financing charges:			
Amortization of debt issue costs - Retail Bonds		6,598,587	6,498,569
Other financing charges		1,130,481	938,978
		₱333,530,417	₱332,756,811

Other financing charges consist of maintenance fees and security agency fees.

11. 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	September 30, 2017	December 31, 2016
Balance at beginning of year		₱504,910,191	₱555,425,690
Provision	13	65,630,536	17,208,506
Accretion of interest	10	13,868,550	17,848,617
Utilization of provision		(117,277,677)	(85,572,622)
		467,131,600	504,910,191
Less current portion		49,748,171	138,812,110
		₱417,383,429	₱366,098,081

12. Related Party Transactions

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

Related Parties	Nature of Transactions	Transaction Amounts		Outstanding Balances		Terms and Conditions
		September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	
Receivables						
Under common control Petron Corporation	Service facility fee	₱2,546,791	₱3,890,429	₱313,323	₱633,531	On demand non-interest bearing, unsecured
CMMTC	Interconcession receivable	791,526,385	-	24,638,496	-	On demand non-interest bearing, unsecured
				₱24,951,819	₱633,531	
Prepayments and other current assets						
Under common control AMTEX	Rent expense	₱1,283,654	₱1,711,539	₱31,378,205	₱32,661,859	Based on the terms of the lease
Accounts payable and other current liabilities						
Intermediate Parent San Miguel Holdings Corp.	Advertising expense	-	₱62,500,000	-	₱57,750,000	On demand non-interest bearing, unsecured
Under common control MATES	Operations and maintenance fee	₱510,000,000	600,000,000	₱62,333,333	55,000,000	On demand non-interest bearing, unsecured
MATES	Reimbursement of expense	1,536,271	1,348,837	857,739	658,154	On demand non-interest bearing, unsecured
CMMTC	Interconcession payable	-	836,592,658	-	9,540,927	On demand non-interest bearing, unsecured
IETC	TCS Software Admin & Maintenance Fee	9,630,000	-	1,177,000	-	On demand non-interest bearing, unsecured
SMITS, Inc.	Purchase of computer software	1,037,100	1,037,100	-	1,140,810	On demand non-interest bearing, unsecured
Parent MTDME	Dividend	2,755,000,000	3,465,500,000	-	-	On demand non-interest bearing, unsecured
				₱64,368,072	₱124,089,891	

Agreements

- The Company leases with AMTEX 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 co-terminus with the concession period, unless sooner terminated in accordance with the applicable provisions of the contract of lease. The Company paid the rental for the entire lease term amounting to ₱44.5 million.
- 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 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. The actual hand over of the operation and maintenance of TR 1 and TR 2 from PNCC took place on May 2, 2010. On December 14, 2010, TRB confirmed its approval of the issuance of the Toll Operations Certificate for the entire Phase 1 of the SLEX Project.

- c. On May 28, 2010, the Company, with MATES, CMMTC and Skyway O & M Corporation entered into a Memorandum of Agreement 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 payable to CMMTC resulting from the offsetting of the collections (i.e., cash and E-Pass transactions) made by the Company in behalf of CMMTC and those collected by CMMTC for the account of the Company.

13. Costs and Expenses

This account consists of:

	Note	September 30, 2017	September 30, 2016
Cost of service:			
Operations and maintenance fee	12	₱510,000,000	₱450,000,000
Amortization of concession assets	7	412,954,128	412,241,468
PNCC share		129,111,810	121,087,947
Provision for resurfacing and maintenance	11	65,630,536	76,907,871
Insurance		12,937,860	13,981,495
		1,130,634,334	1,074,218,782
Operating Expenses:			
Depreciation and amortization	6	34,271,799	28,371,483
Advertising		30,307,377	19,147
Repairs and maintenance		26,554,732	474,791
Taxes and licenses		14,509,612	8,679,360
Salaries and other employee benefits		8,181,704	10,491,141
Outside services		3,187,612	4,218,063
Communication, light and water		2,991,969	3,041,495
Rent	12	1,283,654	1,283,654
Transportation and travel		1,008,784	1,141,923
Office supplies		626,670	440,516
Retirement benefits cost		640,385	540,137
Entertainment, amusement and recreation		249,384	355,140
Others		5,299,915	3,654,691
		129,113,598	62,711,541
		₱1,259,747,932	₱1,136,930,322

14. Retained Earnings

Cash dividends declared by the Company are as follows:

Date Approved	Per Share	Total Amount	Payment Date
August 23, 2017	₱0.50	1,812.5 million	September 13, 2017
March 14, 2017	0.45	1,631.3 million	March 15, 2017
August 25, 2016	0.675	2,446.9 million	September 13, 2016
February 23, 2016	0.52	1,885.0 million	March 14, 2016

15. Financial Risk Management Objectives and Policies

The Company's principal financial instruments are cash and cash equivalents, receivables, accounts payable and other current liabilities and long-term debt.

The main purpose of the Company's financial instruments is to fund the Company's operations and to acquire and improve property and equipment.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and manage the Company's exposure to 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 Company's activities.

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

Liquidity Risk

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.

Credit Risk

Credit risk refers to the potential loss arising from any failure by counter parties 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 Company's credit risk is attributable to loans and receivables. The Company maintains defined credit policies and continuously monitors defaults of customers and other counter parties, identified either individually or by group, and incorporate this information into its credit risk controls. In addition, for a significant proportion of sales, advance payment, one-time charge and deposit are received to mitigate credit risk.

	September 30, 2017			
	Neither Past Due nor Impaired			Total
	High Grade	Standard Grade	Impaired	
Cash and cash equivalents*	1,648,899,845	-	-	1,648,899,845
Receivables	-	31,909,881	1,555,800	33,465,681
	1,648,899,845	31,909,881	1,555,800	1,682,365,526

* Excluding cash on hand amounting to P2.6 million

	December 31, 2016			
	Neither Past Due nor Impaired			Total
	High Grade	Standard Grade	Impaired	
Cash and cash equivalents*	₱2,206,363,218	-	-	₱2,206,363,218
Receivables	-	₱9,974,365	₱1,555,800	11,530,165
	₱2,206,363,218	₱9,974,365	₱1,555,800	₱2,217,893,383

* Excluding cash on hand amounting to P2.6 million

Capital Management

The objective in managing capital is to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance and to sustain future development of the business.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the nine months ended September 30, 2017 and year ended December 31, 2016.

The Company monitors its capital using debt to equity ratio, which is total debt divided by the total equity. The Company includes within total debt the total liabilities, including interest bearing loans and borrowings. In determining the debt to equity ratio, the Company excluded other comprehensive income as part of equity.

16. Operating Segment Information

The Company is engaged in rehabilitation, construction and expansion of SLEX Project and considers such as its primary activity 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 September 30, 2017 and December 31, 2016, the Company does not have a customer for which 10% or more of the revenue were derived from.

17. Earnings Per Share

Basic and diluted earnings per share were computed as follows:

	September 30, 2017	September 30, 2016
Net income for the period	₱2,183,818,421	₱2,585,306,798
Divided by the outstanding shares	3,625,000,000	3,625,000,000
Earnings per share - basic and diluted	₱0.60	₱0.71

ANNEX B



MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

INTRODUCTION

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the attached unaudited financial statements of South Luzon Tollway Corporation ("SLTC" or the "Company") and the related notes as at and for the period ended September 30, 2017 (with comparative figures as at December 31, 2016 and for the period ended September 30, 2016). All necessary adjustments to present fairly the financial position, financial performance and cash flows as at September 30, 2017, 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.

SUMMARY OF FINANCIAL INFORMATION

Statements of Comprehensive Income

	For the quarter ended		For the period ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
REVENUE FROM TOLL OPERATIONS	₱1,436,384,428	₱1,336,055,969	₱4,303,727,011	₱4,036,271,479
COST OF SERVICE	(354,324,549)	(360,857,006)	(1,130,634,334)	(1,074,218,782)
GROSS PROFIT	1,082,059,879	975,198,962	3,173,092,677	2,962,052,697
OPERATING EXPENSES	(74,888,703)	(18,300,615)	(129,113,598)	(62,711,541)
OPERATING INCOME	1,007,171,176	956,898,348	3,043,979,079	2,899,341,157
OTHER INCOME (CHARGES)				
Interest expense and other financing charges	(111,186,121)	(111,172,409)	(333,530,417)	(332,756,811)
Foreign exchange gain (loss) - net	(158,328)	22,688	(390,070)	36,539
Construction revenue	32,498,866	24,939,845	58,438,893	33,872,081
Construction costs	(32,498,866)	(24,939,845)	(58,438,893)	(33,872,081)
Interest income	9,942,015	9,053,850	19,924,912	23,534,227
Other income (charges)	3,682,370	(7,217,696)	20,985,759	558,590
INCOME BEFORE INCOME TAX	909,451,113	847,584,781	2,750,969,262	2,590,713,702
PROVISION FOR INCOME TAX	189,051,282	1,986,294	567,150,842	5,406,904
NET INCOME	720,399,831	845,598,486	2,183,818,421	2,585,306,798
OTHER COMPREHENSIVE INCOME (LOSS)	-	-	-	-
TOTAL COMPREHENSIVE INCOME	₱720,399,831	₱845,598,486	₱2,183,818,421	₱2,585,306,798

Statements of Financial Position

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Current Assets	₱1,902,536,391	₱3,000,900,339
Noncurrent Assets	10,895,370,461	11,115,852,324
TOTAL ASSETS	₱12,797,906,852	₱14,116,752,663
Current Liabilities	₱402,596,549	₱520,035,100
Noncurrent Liabilities	7,652,522,082	7,593,997,763
	8,055,118,631	8,114,032,863
Equity	4,742,788,221	6,002,719,800
TOTAL LIABILITIES AND EQUITY	₱12,797,906,852	₱14,116,752,663

I. FINANCIAL PERFORMANCE

Quarters ended September 30, 2017 and September 30, 2016

Toll revenue posted an 8% increase in 2017 from ₱ 1,336.1 million to ₱ 1,436.4 million driven by higher traffic volume.

The continuous expansion of housing communities and consumer socio-economic activities in the South contributed to the increase in traffic volume. Apart from the industrial development in the area which gave rise to numerous industrial parks, Cavite and Laguna has become attractive to employees working in Metro Manila but prefer to raise their families in the South. These developments enhanced the volume for class 1 vehicles. Traffic volume for Class 3 vehicles also went up mainly due to the thriving CALABARZON, the second most densely populated region after NCR. Batangas, in particular, has the second largest international seaport in Luzon. It serves as a main entry point for goods from the South, and from international ports.

A regular review of the Operator's fee is conducted in accordance with the Amended Operation and Maintenance Agreement to ensure better quality service to motorists. Operations and maintenance cover the toll roads, toll road facilities, interchanges and related facilities, including the operation and management of toll collection systems, traffic control and other systems located within the toll roads. An assessment conducted in 2016 revealed the necessity to amend the Operation and Maintenance Fees. The amended fee was approved by the Board of Directors in November 2016 and implemented starting January 1, 2017.

SLTC remains compliant with the terms of its concession agreement by providing sufficient funding for major repairs. Provision for repair to date amounted to ₱467.1 million, net of actual utilization of ₱ 117.3 million for the period ending September 30, 2017.

Amortization of concession rights increased slightly for enhancement activities during the period. Amortization costs are recorded for the costs of concession rights amortized on a straight-line basis over 26 years from start of commercial operations in 2010. Concession right consists of construction costs, including borrowing costs during the construction period, of the SLEX Project. The enhancement of the toll collection system is almost complete, accounting for the increase in depreciation cost. The Company is now investing in the enhancement of its network and communications to ensure data completeness and integrity.

EBITDA increased by 6% from ₱1, 096.5 million to ₱1, 161.3 million. Net income for the period however, decreased by 15%, due to the provision for income tax of ₱189.1 million. The Company's income tax holiday incentive expired in 2016.

II. FINANCIAL POSITION

Analysis of Financial Position as at September 30, 2017 and December 31, 2016

Net cash and cash equivalents amounted to ₱ 1,651.5 million, after payment for capital expenditures, toll road repair and maintenance, dividend and interest payment on long-term debt during the period.

Receivables increased by ₱ 21.9 million, mainly due to inter-concession transactions with Skyway. Settlement was made the following month. Prepaid expenses decreased by ₱ 562.8 million, mainly due to the income tax due for the nine month period, offset from the prepaid taxes. The balance as of September 30, 2017 amounting to ₱ 180.2 million is expected to be fully utilized as tax credit against income tax liabilities by the end of the year.

Vehicles and toll equipment amounting to ₱ 120.3 million were procured during the period while service concession rights increased by ₱ 106.6 million due to various enhancement and expansion activities, including project development costs for TR4.

Retained earnings decreased due to dividends declared during the period amounting to ₱ 3,443. 8 million net of the income posted for the period.

III. CASH FLOW ANALYSIS

	For the nine months ended	
	September 30, 2017	September 30, 2016
Cashflows from operations	3,113,421,462	2,994,385,699
Cashflows from investing activities	(226,744,064)	(149,007,212)
Cashflows from financing activities	(3,443,750,000)	(4,331,875,000)
Effect of exchange rate changes on cash and cash equivalents	(390,070)	36,539
Net decrease in cash and cash equivalents	(557,462,672)	(1,486,459,974)
Cash and cash equivalents at beginning of year	2,208,984,518	2,573,798,575
Cash and cash equivalents at end of period	1,651,521,846	1,087,338,601

2017

Cash generated from operations amounted to ₱ 4,091.0 million after adjustments of ₱ 827.5 million and working capital changes of ₱ 512.6 million were made from the net income before tax of ₱ 2,751.0 million.

Payments were also made on interest and other financing charges on the long-term debt and for repair and maintenance. Income tax due amounting to ₱567.2 million was settled thru offsetting from prepaid taxes.

Cash used in investing activities consist of procurement of equipment and software amounting to ₱ 121.4 million, TR4 project development cost of ₱45.7 million and ₱61.0 million for expansion and enhancement activities. Cash used for financing activities consist of dividend payment amounting to ₱3, 443.8 million.

2016

Cash generated from operations amounted to ₱ 3,340.4 million after adjustments to net income before tax of ₱ 827.2 million and working capital changes of ₱ 77.6 million. Operating activities yielded net cash of ₱ 2,994.4 million after payment for interest and toll road repairs. Capital expenditures incurred amounted to ₱153.7 million.

Net cash at the end of the period was lower, as the Company continues to implement expansion activities aimed at generating future cashflow.

Key Performance Indicators

For the measurement of the Company's financial soundness, see Schedule of Financial Soundness Indicators attached as "Annex B-1".

Off-Balance Sheet Arrangements

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

Other Matters

- 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.
- There were no material changes in estimates of amounts reported in prior financial years.
- There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the liquidity of SLTC.
- 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.
- There were no known events that will trigger direct or contingent financial obligation that is material to SLTC, 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.
- There was no material off statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of SLTC with unconsolidated entities or other persons created during the reporting period.
- The effects of seasonality or cyclicity on the operations of the business of the Company are not material.

ANNEX B-1**SOUTH LUZON TOLLWAY CORPORATION**
(A Subsidiary of MTD Manila Expressways, Inc.)**SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

	September 30, 2017	December 31, 2016
Current assets	1,902,536,391	3,000,900,339
Current liabilities	402,596,549	520,035,099
Liquidity ratio	4.73 : 1.0	5.77 : 1.0
Total long term debt	7,229,889,668	7,223,291,082
Total equity (excluding actuarial gain)	4,742,510,516	6,002,442,095
Debt-to-equity ratio	1.52 : 1.0	1.20 : 1.0
Cash, beginning	2,208,984,518	2,573,798,575
EBITDA*	3,511,800,694	4,614,265,957
Dividends paid	3,443,750,000	4,331,875,000
Interest expense over the next 12 months	429,022,040	424,759,188
Interest cover ratio	5.31 : 1.0	6.72 : 1.0
Total assets	12,797,906,852	14,116,752,662
Total equity	4,742,788,221	6,002,719,800
Asset-to-equity ratio	2.70 : 1.0	2.35 : 1.0

*As defined in the debt covenant, EBITDA excluding other charges amounting to P 447.2 million and P 590.4 million as at September 30, 2017 and December 31, 2016

Certified Correct:


RAOUL EDUARDO C. ROMULO
Treasurer