



11/F San Miguel Properties Centre,
7 St. Francis St., Mandaluyong City 1550
Metro Manila, Philippines

14 August 2024

Philippine Dealing & Exchange Corp.

29th Floor, BDO Equitable Tower,
8751 Paseo de Roxas, Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head - Issuer Compliance and Disclosure Department


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

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.

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

Very truly yours,


RAOUL EDUARDO C. ROMULO
Corporate Information Officer

Certification

I, **Raoul Eduardo C. Romulo, Treasurer and CFO 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 Memorandum Circular No. 3, series of 2021 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 9th day of August 2024.


Raoul Eduardo C. Romulo
Treasurer and CFO


REPUBLIC OF THE PHILIPPINES)
Mandaluyong City) S.S

SUBSCRIBED AND SWORN to before me this 9th day of August 2024, affiant exhibited 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 October 2019 / 13 October 2029/ DFA NCR East

Doc. No. 128 ;
Page No. 27 ;
Book No. 1 ;
Series of 2024.




PATRICK PHILIP L. CAPULONG
Commission No. 0723-24
Notary Public of Mandaluyong City
Until December 31, 2025
19th Floor San Miguel Properties Centre
No. 7 Saint Francis St. Ortigas Center, Mandaluyong City
Roll No. 83196
PTR No. 5430551; 01/08/2024; Mandaluyong City
IBP No.302218; 01/08/2024; Quezon City Chapter

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, 2024
2. Commission identification number A2000 10622
3. BIR Tax Identification No. 207-247-094-000
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, 1550
Mandaluyong City
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
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>
<u>Series C</u>	<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, 2024 (with comparative figures as of December 31, 2023 and for the period ended June 30, 2023) 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, 2024 (with comparative figures as at December 31, 2023 and for the period ended June 30, 2023). All necessary adjustments to present fairly the financial position, financial performance and cash flows as of June 30, 2024, 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 in the charts are rounded off to the nearest thousand (₱000) unless otherwise indicated.

SUMMARY OF FINANCIAL INFORMATION

2024 SIGNIFICANT TRANSACTIONS

Retained Earnings

On March 13, 2024, the Board of Directors approved the following:

1. The appropriation of retained earnings amounting to ₱12,636.4 million to fund the Toll Road 4 (TR4) capital expenditures of the Company for 2024 and 2025.
2. The reversal of prior year appropriation amounting to ₱7,350.0 million.

I. Financial Performance

2024 and 2023

in Thousand Php	June		Horizontal Analysis Increase/(Decrease)		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
REVENUE FROM TOLL OPERATIONS	₱3,961,353	₱3,414,296	₱547,057	16%	100%	100%
COST OF SERVICES	985,706	877,717	107,989	12%	25%	26%
GROSS PROFIT	2,975,647	2,536,579	439,068	17%	75%	74%
OPERATING EXPENSES	134,851	167,772	(32,921)	(20%)	3%	5%
CONSTRUCTION REVENUE AND COSTS						
Construction revenue	2,833,904	1,045,163	1,788,741	171%	72%	31%
Construction costs	(2,833,904)	(1,045,163)	(1,788,741)	171%	(72%)	(31%)
-						
OTHER INCOME (CHARGES)						
Interest and other financing charges	(97,816)	(93,407)	4,409	5%	(2%)	(3%)
Interest income	65,219	102,514	(37,295)	(36%)	2%	3%
Other income	45,980	35,458	10,522	30%	1%	1%
	13,383	44,565	(31,182)	(70%)	0%	1%
INCOME BEFORE INCOME TAX	2,854,179	2,413,372	440,807	18%	72%	71%
PROVISION FOR INCOME TAX	476,689	404,918	71,771	18%	12%	12%
NET INCOME	₱2,377,490	₱2,008,454	₱369,036	18%	60%	59%

For the six months ended June 30, 2024, South Luzon Expressway (SLEX) achieved an Average Daily Traffic (ADT) of 357,548, a 2% increase from 351,024 in 2023.

For the six months period, toll revenue amounted to ₱3,961.4 million, an increase of 16% from ₱3,414.3 million in 2023. Average transaction mode for the period was 94% for RFID and 6% for cash.

Cost of services posted an increase of ₱108.0 million mainly due to higher Operations and Maintenance fee and higher Philippine National Construction Corporation (PNCC) share as a result of increase in toll revenue, higher amortization of service concession rights, higher provision for resurfacing and maintenance obligation and higher concession insurance premiums. In 2023, the Board of Directors approved the increase of the 2024 Operation and Maintenance Fee in accordance with the parameters set forth by the 2016 Amended Operation and Maintenance Agreement between the Company and Manila Toll Expressway Systems Inc. (MATES), the Operator of the SLEX Project.

Operating expenses decreased by 20% from ₱167.8 million to ₱134.9 million due to lower depreciation and amortization by ₱19.1 million, lower advertising by ₱16.3 million and lower repair and maintenance for transportation and office equipment by ₱6.3 million, offset by higher taxes and licenses by ₱2.8 million, higher salaries and other employee benefits by ₱1.8 million, higher outside services by ₱1.3 million and higher other operating expenses by ₱2.9 million.

For other income and charges, the Company recorded higher interest and other financing charges from ₱93.4 million to ₱97.8 million. Interest income decreased by 36% from ₱102.5 million to ₱65.2 million due to lower time deposit placements. Other income posted an increase of 30% to ₱46.0 million from ₱35.5 million mainly due to higher service facility income.

Provision for income tax was higher by 18% due to higher taxable income.

As a result of the foregoing, net income increased by 18% to ₱2,377.5 million from ₱2,008.4 million.

2023 and 2022

in Thousand Php	June		Horizontal Analysis Increase/(Decrease)		Vertical Analysis	
	2023	2022	Amount	%	2023	2022
REVENUE FROM TOLL OPERATIONS	₱3,414,296	₱3,115,449	₱298,847	10%	100%	100%
COST OF SERVICES	877,717	901,790	(24,073)	(3%)	26%	29%
GROSS PROFIT	2,536,579	2,213,659	322,920	15%	74%	71%
OPERATING EXPENSES	167,772	176,060	(8,288)	(5%)	5%	6%
CONSTRUCTION REVENUE AND COSTS						
Construction revenue	1,045,163	684,274	360,889	53%	31%	22%
Construction costs	(1,045,163)	(684,274)	(360,889)	53%	(31%)	(22%)
-						
OTHER INCOME (CHARGES)						
Interest and other financing charges	(93,407)	(144,152)	50,745	(35%)	(3%)	(5%)
Interest income	102,514	32,571	69,943	215%	3%	1%
Other income	35,458	1,451	34,007	2344%	1%	0%
	44,565	(110,130)	154,695	(140%)	1%	(4%)
INCOME BEFORE INCOME TAX	2,413,372	1,927,469	485,903	25%	71%	62%
PROVISION FOR INCOME TAX	404,918	343,608	61,310	18%	12%	11%
NET INCOME	₱2,008,454	₱1,583,861	₱424,593	27%	59%	51%

For the six months ended 30 June 2023, SLEX achieved an ADT of 351,024, lower by 5% from 2022 ADT of 368,683, reflecting the impact of the Seamless project which removed the TR3 toll plaza which had an open system with a separate traffic count. Vehicles are now counted at their respective exits at the toll plazas in Calamba and Batangas, thus reducing the total ADT count.

The reduction in traffic count under the Seamless Project has no impact on the toll revenue. For the six months period, toll revenue amounted to ₱3,414.3 million, an increase of 10% from ₱3,115.4 million in 2022. Average transaction mode for the period was 77% for RFID and 23% for cash.

Cost of services posted a decrease of ₱24.1 million mainly due to lower repair and maintenance and the related provision for resurfacing and maintenance obligation, offset by higher operations and maintenance, higher PNCC share due to increase in toll revenue and higher concession insurance premiums. In 2022, the Board of Directors approved the increase in the 2023 Operation and Maintenance Fee in accordance with the parameters set forth by the 2016 Amended Operation and Maintenance Agreement between the Company and MATES, the Operator of the SLEX Project.

Operating expenses decreased by 5% from ₱176.1 million to ₱167.8 million due to lower taxes and licenses by ₱15.1 million, lower advertising by ₱1.0 million, lower depreciation and amortization by ₱3.7 million and lower other operating expenses by ₱0.5 million, offset by higher outside services by ₱4.0 million, higher repair and maintenance for transportation and office equipment by ₱6.0 million and higher salaries and other employee benefits by ₱2.0 million.

For other income and charges, the Company recorded lower interest and other financing charges by 35% to ₱93.4 million from ₱144.2 million. This is due to lower outstanding balance of the retail bonds after payment of its Series B bonds in May 2022. Interest income increased by 215% to ₱102.5 million

from ₱32.6 million due to higher time deposit placements. Other income also posted an increase of ₱34.0 million.

Provision for Income tax was higher by 18% due to higher taxable income.

As a result of the foregoing, net income increased by 27% to ₱2,008.4 million from ₱1,583.9 million.

II. Financial Position

2024 and 2023

in Thousand Php	June 2024	December 2023	Horizontal Analysis		Vertical	
			Increase/(Decrease)		Analysis	
			Amount	%	2024	2023
ASSETS						
Current Assets						
Cash and cash equivalents	₱2,395,183	₱3,945,181	(1,549,998)	(39%)	10%	18%
Trade and other receivables	2,271,892	2,076,506	195,386	9%	9%	9%
Other current assets	224,613	161,055	63,558	39%	1%	1%
Total Current Assets	4,891,688	6,182,743	(1,291,055)	(21%)	20%	28%
Noncurrent Assets						
Service concession rights	16,334,462	13,812,648	2,521,814	18%	65%	62%
Property and equipment	2,439,008	1,510,149	928,859	62%	10%	7%
Advances to contractors	1,265,836	711,889	553,947	78%	5%	3%
Net deferred tax assets	88,838	74,392	14,446	19%	1%	0%
Other noncurrent assets	28,263	29,269	(1,006)	(3%)	0%	0%
Total Noncurrent Assets	20,156,407	16,138,347	4,018,060	25%	80%	72%
TOTAL ASSETS	₱25,048,095	₱22,321,090	2,727,005	12%	100%	100%

Total assets as of June 30, 2024 amounted to ₱25,048.1 million, higher by 12% from December 31, 2023 balance of ₱22,321.1 million.

Cash and cash equivalents amounted to ₱2,395.2 million, 39% lower from ₱3,945.2 million in 2023 due to decrease in capital expenditures for the period.

Trade and other receivables increased by 9% from ₱2,076.5 million to ₱2,271.9 million due to higher Department of Public Works and Highways (DPWH) advances for TR4 Right of Way (ROW) transactions.

Increase in other current assets was due to higher input VAT by ₱60.9 million and higher prepaid taxes and insurance premiums by ₱23.3 million, offset by lower advances to contractors-current by ₱20.7 million.

Service concession rights posted a net increase which pertains to SLEX widening and TR4 project cost of ₱2,710.7 million and capitalizable depreciation of ₱123.2 million, offset by amortization of ₱312.0 million.

Increase in property and equipment was due to new machinery and transportation equipment amounting to ₱1,061.7 million, offset by depreciation of ₱9.6 million and capitalizable depreciation of ₱123.2 million.

Advances to contractors went up by ₱553.9 million due to the downpayment made to contractors for the SLEX widening while net deferred tax assets increased by ₱14.4 million and other noncurrent assets decreased by ₱1.0 million.

2024 and 2023

in Thousand Php	June	December	Horizontal Analysis		Vertical Analysis	
	2024	2023	Amount	%	2024	2023
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱1,407,838	₱1,265,208	142,630	11%	6%	6%
Current portion of long-term debt	2,496,343	-	2,496,343	100%	10%	0%
Income tax payable	244,640	229,829	14,811	6%	1%	1%
Total Current Liabilities	4,148,821	1,495,037	2,653,784	178%	17%	7%
Noncurrent Liabilities						
Noncurrent portion of:						
Long-term debt	-	2,494,390	(2,494,390)	(100%)	0%	11%
Provision for resurfacing and maintenance obligation	591,719	495,423	96,296	19%	2%	2%
Retention payable	317,843	223,415	94,428	42%	1%	1%
Net retirement liability	2,136	2,739	(603)	(22%)	0%	0%
Total Noncurrent Liabilities	911,698	3,215,967	(2,304,269)	(72%)	4%	14%
Total Liabilities	5,060,519	4,711,004	349,515	7%	20%	22%
Equity						
Common stock	3,625,000	3,625,000	-	0%	14%	16%
Retained earnings	16,361,535	13,984,045	2,377,490	17%	65%	63%
Other comprehensive income	1,041	1,041	-	0%	0%	0%
Total Equity	19,987,576	17,610,086	2,377,490	14%	80%	78%
TOTAL LIABILITIES AND EQUITY	₱25,048,095	₱22,321,090	2,727,005	12%	100%	100%

Total liabilities as of June 30, 2024 amounted to ₱5,060.5 million. Accounts payable and other current liabilities increased due to higher related party payables by ₱109.5 million and third party payables of ₱35.7 million, offset by lower statutory payables of ₱2.1 million and other payables by ₱0.5 million. Current portion of long-term debt pertains to bonds due in May 2025, net of debt issuance cost. Income tax payable pertains to tax due as of June 30, 2024.

Provision for resurfacing and maintenance obligation increased by ₱96.3 million due to adjusted forecast for the period. Retention payable-noncurrent increased due to additional retention for TR4 project.

Issued and outstanding capital stock remains at ₱3,625 million. Movement in retained earnings pertain to reversal of the prior year appropriation amounting to ₱7,350.0 million, new appropriation of ₱12,636.4 million for the TR4 capital expenditures, and net income during the period of ₱2,377.5 million.

2023 and 2022

In Thousand Php	June	December	Horizontal Analysis		Vertical Analysis	
	2023	2022	Increase/(Decrease) Amount	%	2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	₱5,706,208	₱4,558,356	1,147,852	25%	28%	24%
Trade and other receivables	1,694,233	1,582,403	111,830	7%	8%	8%
Other current assets	97,824	116,535	(18,711)	(16%)	0%	1%
Total Current Assets	7,498,265	6,257,294	1,240,971	20%	36%	33%
Noncurrent Assets						
Service concession rights	11,772,561	11,007,392	765,169	7%	57%	59%
Property and equipment	654,777	716,613	(61,836)	(9%)	3%	4%
Advances to contractors	671,101	645,928	25,173	4%	3%	3%
Net deferred tax assets	74,467	65,567	8,900	14%	0%	0%
Other noncurrent assets	30,892	31,748	(856)	(3%)	0%	0%
Total Noncurrent Assets	13,203,798	12,467,248	736,550	6%	64%	67%
TOTAL ASSETS	₱20,702,063	₱18,724,542	1,977,521	11%	100%	100%

Total assets as of June 30, 2023 amounted to ₱20,702.1 million, higher by 11% from December 31, 2022 balance of ₱18,724.5 million.

Cash and cash equivalents amounted to ₱5,706.2 million, 25% higher from ₱4,558.4 million in 2022 due to higher cash generated from operations and after payment for capital expenditures for the period.

Trade and other receivables increased due to higher DPWH advances for TR4 ROW transactions, offset by decrease in inter-concession receivables.

Decrease in other current assets was due to lower prepaid input VAT by ₱30.1 million, lower prepaid insurance by ₱6.5 million and lower advances to contractors-current by ₱1.3 million, offset by higher local business tax by ₱15.2 million and higher miscellaneous prepaid expenses by ₱4.0 million.

Service concession rights posted a net increase which pertain to SLEX widening project and TR4 project cost of ₱1,019.6 million and capitalizable depreciation of ₱25.6 million, offset by amortization of ₱280.0 million.

Decrease in property and equipment was due to capitalization to service concession rights components of toll plaza construction costs amounting to ₱255.2 million, depreciation of ₱28.6 million and capitalized depreciation of ₱25.6 million offset by new machinery and transportation equipment of ₱247.6 million.

Advances to contractors went up due to downpayment to SLEX widening contractors, while net deferred tax asset increased by ₱8.9million, and other noncurrent assets decreased by ₱0.8 million due to amortization of right-of-use (ROU) asset.

2023 and 2022

	June	December	Horizontal Analysis		Vertical Analysis	
	2023	2022	Increase/(Decrease) Amount	%	2023	2022
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other current liabilities	₱806,111	₱926,530	(120,419)	(13%)	4%	5%
Current portion of:						
Provision for resurfacing and maintenance obligation	174,875	160,804	14,071	9%	1%	1%
Income tax payable	199,988	188,131	11,857	6%	1%	1%
Total Current Liabilities	1,180,975	1,275,465	(94,491)	(7%)	6%	7%
Noncurrent Liabilities						
Noncurrent portion of:						
Long-term debt	2,492,499	2,490,673	1,826	0%	12%	13%
Provision for resurfacing and maintenance obligation	320,877	276,222	44,655	16%	2%	1%
Retention payable	174,736	157,095	17,641	11%	1%	1%
Net retirement liability	2,219	2,783	(564)	(20%)	0%	0%
Total Noncurrent Liabilities	2,990,331	2,926,773	63,558	2%	14%	16%
Total Liabilities	4,171,305	4,202,238	(30,933)	(1%)	20%	22%
Equity						
Common stock	3,625,000	3,625,000	-	0%	18%	19%
Retained earnings	12,904,712	10,896,258	2,008,454	18%	62%	58%
Other comprehensive income	1,046	1,046	-	0%	0%	0%
Total Equity	16,530,758	14,522,304	2,008,454	14%	80%	78%
TOTAL LIABILITIES AND EQUITY	₱20,702,063	₱18,724,542	1,977,521	11%	100%	100%

Total liabilities as of June 30, 2023 amounted to ₱4,171.3 million. Accounts payable and other current liabilities decreased due to lower third party payables by ₱255.1 million, and release of retention payable by ₱5.0 million, offset by higher statutory payable by ₱124.9 million and related party payable by ₱14.8 million. Income tax payable pertains to tax due as of June 30, 2023.

Noncurrent portion of the long-term debt pertains to bonds due in May 2025, net of debt issuance cost. Provision for resurfacing and maintenance obligation-current increased by ₱14.1 million, while noncurrent increased by ₱44.7 million based on adjusted maintenance forecast. Retention payable-noncurrent increased due to additional retention for TR4 project.

Issued and outstanding capital stock remains at ₱3,625 million. Movement in retained earnings pertain to reversal of the prior year appropriation amounting to ₱1,923.6 million, new appropriation of ₱7,350.0 million for the 2023 approved capital expenditures and net income during the period of ₱2,008.4 million.

III. Cash Flow

2024, 2023 and 2022

A summary of cash flow movement is as follows:

in Thousand Php	June 30		
	2024	2023	2022
Net cash provided by operating activities	2,857,538	2,268,394	2,025,204
Net cash used in investing activities	(4,326,139)	(1,037,132)	(679,600)
Net cash used in financing activities	(81,213)	(83,115)	(2,537,050)
Effect of exchange rate changes on cash and cash equivalents	(184)	(295)	220
Net increase (decrease) in cash and cash equivalents	(1,549,998)	1,147,852	(1,191,226)
Cash and cash equivalents at beginning of year	3,945,181	4,558,356	5,342,696
Cash and cash equivalents at end of period	2,395,183	5,706,208	4,151,470

Net cash provided by operating activities for the period consist of net cash generated from operations of ₱3,264.1 million, deductions for income tax paid of ₱463.3 million, contributions to retirement plan of ₱0.9 million, and interest received amounting to ₱57.6 million.

Net cashflows used for investing activities consist of the following:

in Thousand Php	June 30		
	2024	2023	2022
Additions to:			
Service concession rights	(₱2,710,656)	(₱765,169)	(₱673,400)
Property and equipment	(1,061,686)	(247,646)	(46,657)
Decrease (increase) in advances to contractors and other noncurrent assets	(553,797)	(24,317)	40,457

Net cashflows used for financing activities consist of the following:

in Thousand Php	June 30		
	2024	2023	2022
Settlement of Series B retail bonds	-	-	(₱2,400,000)
Interest and other financing charges	(₱81,213)	(₱83,115)	(₱137,050)

ITEM 3. KEY PERFORMANCE INDICATORS

Ratio	Formula	June 30, 2024	December 31, 2023
Current ratio	Total Current Assets	4,891,688	6,182,743
	Divided by: Total Current Liabilities	1,652,477	1,495,037
	Current ratio	2.96:1.0	4.14:1.0
Debt-to-equity ratio	Total long-term debt	2,496,343	2,494,390
	Total equity (excluding OCI)	19,986,535	17,609,045
	Debt-to-equity ratio	0.12:1.0	0.14:1.0
Asset-to-equity ratio	Total assets	25,048,095	22,321,090
	Total equity	19,987,576	17,610,086
	Asset-to-equity ratio	1.25:1.0	1.27:1.0
Interest rate coverage ratio	Cash, beginning	5,706,208	4,558,356
	EBIT DA*	6,418,985	5,920,320
	Dividends paid	-	(1,087,500)
		12,125,193	9,391,176
	Interest expense over the next 12 months	145,061	162,180
Interest cover ratio **	83.59:1.0	57.91:1.0	

*As defined in the debt covenant

Ratio	Formula	June 30, 2024	December 31, 2023
Solvency ratio	Net income before depreciation and amortization	2,700,015	4,227,030
	Total liabilities	5,060,519	4,711,004
	Solvency ratio	0.53:1.0	0.90:1.0
Return on equity	Net income	2,377,490	4,175,287
	Total equity	19,987,576	17,610,086
	Return on equity	0.12:1.0	0.24:1.0
Return on assets	Net income	2,377,490	4,175,287
	Total assets	25,048,095	22,321,090
	Return on assets	0.09:1.0	0.19:1.0
Net profit margin	Net income	2,377,490	4,175,287
	Total revenue	3,961,353	7,054,799
	Net profit margin	0.60:1.0	0.59:1.0

The Company is in compliance with its financial covenants as at and for the period ended June 30, 2024.

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, 2024. 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 and control 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.

PART II – OTHER INFORMATION


The Company has no other information not previously reported in a report on SEC Form 17-C.

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
CFO / Treasurer

Signature and Title: 
Virgilio S. De Guzman
Deputy CFO

Date: August 9, 2024

ANNEX A

SMC SLEX INC.
(A Subsidiary of SMC SLEX Holdings Company Inc.)

STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱2,395,183	₱3,945,181
Trade and other receivables	5	2,271,892	2,076,507
Other current assets	6	224,613	161,055
Total Current Assets		4,891,688	6,182,743
Noncurrent Assets			
Service concession rights	7	16,334,462	13,812,648
Property and equipment	8	2,439,008	1,510,149
Advances to contractors	9	1,265,836	711,889
Net deferred tax assets		88,838	74,392
Other noncurrent assets	9	28,263	29,269
Total Noncurrent Assets		20,156,407	16,138,347
TOTAL ASSETS		₱25,048,095	₱22,321,090
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	10	₱1,407,838	₱1,265,208
Current portion of long-term debt	11	2,496,343	-
Income tax payable		244,640	229,829
Total Current Liabilities		4,148,821	1,495,037
Noncurrent Liabilities			
Noncurrent portion of:			
Long-term debt	11	-	2,494,390
Provision for resurfacing and maintenance obligation	12	591,719	495,423
Retention payable	10	317,843	223,415
Net retirement liability		2,136	2,739
Total Noncurrent Liabilities		911,698	3,215,967
Total Liabilities		5,060,519	4,711,004
Equity			
Common stock		3,625,000	3,625,000
Retained earnings:	15		
Appropriated		12,636,389	7,349,958
Unappropriated		3,725,146	6,634,087
Other comprehensive income		1,041	1,041
Total Equity		19,987,576	17,610,086
TOTAL LIABILITIES AND EQUITY		₱25,048,095	₱22,321,090

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

Certified Correct:

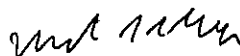

 VIRGILIO S. DE GUZMAN
Deputy CFO

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 Periods Ended		
		June 30, 2024	June 30, 2023	June 30, 2022
REVENUE FROM TOLL OPERATIONS		₱3,961,353	₱3,414,296	₱3,115,449
COST OF SERVICES	14	985,706	877,717	901,790
GROSS PROFIT		2,975,647	2,536,579	2,213,659
OPERATING EXPENSES	14	134,851	167,772	176,060
CONSTRUCTION REVENUE AND COSTS				
Construction revenue	7	2,833,904	1,045,163	684,274
Construction costs	7	(2,833,904)	(1,045,163)	(684,274)
		-	-	-
OTHER INCOME (CHARGES)				
Interest and other financing charges	11	(97,816)	(93,407)	(144,152)
Interest income	4	65,219	102,514	32,571
Foreign exchange gain (loss) - net		(1,004)	326	120
Other income - net		46,984	35,132	1,331
		13,383	44,565	(110,130)
INCOME BEFORE INCOME TAX		2,854,179	2,413,372	1,927,469
PROVISION FOR INCOME TAX	16	476,689	404,918	343,608
NET INCOME		2,377,490	2,008,454	1,583,861
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME		₱2,377,490	₱2,008,454	₱1,583,861
BASIC/DILUTED EARNINGS PER SHARE	19	₱0.66	₱0.55	₱0.44

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

Certified Correct:


VIRGILIO S. DE GUZMAN
Deputy CFO

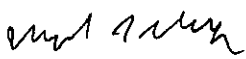
SMC SLEX INC.
(A Subsidiary of SMC SLEX Holdings Company Inc.)

STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands Except Par Value Per Share and Number of Shares)

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
COMMON STOCK-P1.00 par value			
Authorized - 4,000,000,000 shares			
Issued and outstanding - 3,625,000,000 shares		₱3,625,000	₱3,625,000
RETAINED EARNINGS	15		
<i>Appropriated:</i>			
Balance at beginning of year		7,349,958	1,923,627
Reversal of appropriation		(7,349,958)	(1,923,627)
Appropriation for future business expansion and capital expenditures		12,636,389	7,349,958
Balance at end of period		12,636,389	7,349,958
<i>Unappropriated:</i>			
Balance at beginning of year		6,634,087	8,972,631
Reversal of appropriation		7,349,958	1,923,627
Appropriation for future business expansion and capital expenditures		(12,636,389)	(7,349,958)
Net income		2,377,490	4,175,287
Dividend declaration		-	(1,087,500)
Balance at end of period		3,725,146	6,634,087
		16,361,535	13,984,045
OTHER COMPREHENSIVE INCOME			
<i>Cumulative remeasurement gain on net retirement liability</i>			
Balance beginning of year		1,041	1,046
Net measurement loss		-	(5)
Balance at end of period		1,041	1,041
		19,987,576	17,610,086

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

Certified Correct:


VIRGILIO S. DE GUZMAN
Deputy CFO


SMC SLEX INC.
(A Subsidiary of SMC SLEX Holdings Company Inc.)

STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		For the Periods Ended		
	Note	June 30, 2024	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱2,854,179	₱2,413,372	₱1,927,469
Adjustment for:				
Amortization of service concession rights	7	312,090	279,994	279,992
Interest expense and other financing charges	11	97,816	93,407	144,152
Provision for resurfacing and maintenance obligation	12	88,594	50,449	91,914
Depreciation and amortization	14	10,435	29,488	33,151
Unrealized foreign exchange loss (gain) - net		184	295	(220)
Retirement expenses	14	254	163	221
Interest income	4	(65,219)	(102,514)	(32,571)
Operating income before working capital changes		3,298,333	2,764,654	2,444,108
Decrease (increase) in:				
Trade and other receivables		(200,836)	(108,237)	66,592
Other current assets		(63,558)	18,711	1,936
Increase (decrease) in other current liabilities		237,058	(102,782)	(160,810)
Net cash generated from operations		3,270,997	2,572,347	2,351,826
Income tax paid		(463,281)	(381,458)	(330,202)
Interest received		57,627	78,419	25,319
Contributions to the retirement plan		(857)	(727)	-
Resurfacing and maintenance paid	12	(6,948)	(187)	(21,739)
Net cash provided by operating activities		2,857,538	2,268,394	2,025,204
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Service concession rights	7	(2,710,656)	(765,169)	(673,400)
Property and equipment	8	(1,061,686)	(247,646)	(46,657)
Decrease (increase) in:				
Advances to contractors		(553,947)	(25,173)	40,397
Other noncurrent assets		150	856	60
Net cash used in investing activities		(4,326,139)	(1,037,132)	(679,600)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Interest and other financing charges	11	(81,213)	(83,115)	(137,050)
Long-term debt		-	-	(2,400,000)
Net cash used in financing activities		(81,213)	(83,115)	(2,537,050)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(184)	(295)	220
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,549,998)	1,147,852	(1,191,226)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,945,181	4,558,356	5,342,696
CASH AND CASH EQUIVALENTS AT END OF PERIOD		₱2,395,183	₱5,706,208	₱4,151,470

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

Certified Correct:


VIRGILIO S. DE GUZMAN
Deputy 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. (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. (SLEXHCI) 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 SLEXHCI (the Parent Company), a holding company incorporated in the Philippines. The ultimate parent of the Company is Top Frontier Investment Holdings, Inc., also a holding company incorporated in the Philippines.

The Company's registered office is 11F 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 in three (3) tranches. 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, 2024.

Assignment of PNCC Shares

In 2012, SLEX 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 (MCX)

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 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. Statement of Compliance and Basis of Preparation

Statement of Compliance

The interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting* and do not include all the information required in the annual financial statements, and should be read in conjunction with the audited financial statements as at December 31, 2023.

Basis of Measurement

The interim 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 (P '000) unless otherwise indicated.

The financial statements have been prepared on a historical cost basis except for provision for resurfacing and maintenance obligation and net retirement liability which are measured at the present value of the estimated amount of costs that are expected to be incurred and related plan assets measured at fair value. 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 – inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

3. Summary of Material Accounting Policy Information

Adoption of Amended PFRS

The principal accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the most recent annual audited financial statements, except for the changes in accounting policies as explained below.

The Financial and Sustainability Reporting Standards Council (FSRSC) approved the adoption of a number of new and amendments to standards as part of Philippine Financial Reporting Standards (PFRS).

Adoption of Amendments to Standards

The Company has adopted the following amendments to PFRS effective January 1, 2024 and accordingly, changed its accounting policies in the following areas:

- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16, *Leases*). The amendments confirm the following:
 - On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction.
 - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right-of-use asset it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

- Classification of Liabilities as Current or Noncurrent - 2020 Amendments and Noncurrent Liabilities with Covenants - 2022 Amendments (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead require that the right must have substance and exist at the reporting date;

- clarified that only covenants with which the entity must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for noncurrent liabilities subject to conditions within 12 months after the reporting period to enable the assessment of the risk that the liability could become repayable within 12 months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.
- **Supplier Finance Arrangements (Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures*).** The amendments introduce new disclosure objectives to provide information about the supplier finance arrangements of an entity that would enable users to assess the effects of these arrangements on the liabilities and cash flows, and the exposure to liquidity risk.

Under the amendments, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in PFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The adoption of the amendments to standards did not have a material effect on the interim financial statements.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	June 30, 2024	December 31, 2023
Cash on hand	P5,838	P4,908
Cash in banks	1,152,146	1,375,119
Cash equivalents	1,237,199	2,565,154
	P2,395,183	P3,945,181

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 investment rates.

Total interest income from cash in banks and cash equivalents recognized in profit or loss amounted to P65.2 million, P102.5 million and P32.6 million for the period ended June 30, 2024, June 30, 2023 and June 30, 2022, respectively. Interest receivable from cash equivalents amounted to P4.6 million and P10.1 million as at June 30, 2024 and December 31, 2023, respectively (see Note 5).

5. Trade and Other Receivables

Trade and other receivables consist of:

	Note	June 30, 2024	December 31, 2023
Receivable from the Department of Public Works and Highways (DPWH)		₱2,230,493	₱2,016,855
Trade receivables:			
Related parties	13	23,959	38,944
Third parties		11,954	9,790
Interest receivable	4	4,640	10,092
Others		846	826
		₱2,271,892	₱2,076,507

Receivables from the DPWH are unsecured and noninterest-bearing advances made by the Company for acquisition of real property for Right-of-Way (ROW) site for the construction of the TR4 Project.

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

Interest receivable pertains to accruals for interest earned from cash equivalents.

Others mainly pertains to deposits made to utility service providers during the construction of toll plazas, which are noninterest-bearing and are collectible upon completion of the construction.

6. Other Current Assets

Other current assets consist of:

	June 30, 2024	December 31, 2023
Deferred input VAT	₱127,198	₱109,148
Advances to suppliers	3,130	23,913
Prepayments for:		
Insurance	15,517	12,130
Real property tax	27,548	10,414
Others	4,655	1,787
Input VAT	46,565	3,663
	₱224,613	₱161,055

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

Advances to suppliers are primarily related to repairs and maintenance expected to be incurred in the next reporting year.

Other prepayments are related to server maintenance requirements and bond-related expenses.

7. Service Concession Rights

Movements in SCR are as follows:

	Note	June 30, 2024		
		TR1, TR2 and TR3	TR4	Total
Cost				
Balance at beginning of year		₱16,646,263	₱4,664,362	₱21,310,625
Additions		1,699,464	1,134,440	2,833,904
Balance at end of year		18,345,727	5,798,802	24,144,529
Accumulated Amortization				
Balance at beginning of year		7,497,977	–	7,497,977
Amortization	14	312,090	–	312,090
Balance at end of year		7,810,067	–	7,810,067
Carrying Amount		₱10,535,660	₱5,798,802	₱16,334,462

	Note	December 31, 2023		
		TR1, TR2 and TR3	TR4	Total
Cost				
Balance at beginning of year		₱15,181,345	₱2,710,588	₱17,891,933
Additions		1,464,918	1,953,774	3,418,692
Balance at end of period		16,646,263	4,664,362	21,310,625
Accumulated Amortization				
Balance at beginning of year		6,884,541	–	6,884,541
Amortization		613,436	–	613,436
Balance at end of period		7,497,977	–	7,497,977
Carrying Amount		₱9,148,286	₱4,664,362	₱13,812,648

Depreciation amounting to ₱123.2 million and ₱67.5 million in 2024 and 2023, respectively, was capitalized as part of additions to SCR.

Construction Revenue and Costs

The Company recognized construction revenue and costs amounting to ₱2,833.9 million, ₱1,045.2 million, and ₱684.3 million for the period ended June 30, 2024, June 30, 2023 and June 30, 2022, respectively, in reference to the design and construction of additional toll plazas and lanes, the road widening in TR1, TR2 and TR3, and to the planning, development and construction of TR4 project.

8. Property and Equipment and Computer Software

Movements in property and equipment are as follows:

	June 30, 2024			
	Toll Machinery and Equipment	Vehicles	Office Equipment, Furniture and Fixtures	Total
Cost				
Balance at beginning of year	₱2,114,631	₱114,141	₱20,986	₱2,249,758
Additions	1,024,908	36,166	612	1,061,686
Balance at end of period	3,139,539	150,307	21,598	3,316,144
Accumulated Depreciation and Amortization				
Balance at beginning of year	668,200	54,445	16,964	739,609
Depreciation and amortization	120,095	11,577	1,155	132,827
Balance at end of period	788,295	66,022	18,119	877,136
Carrying Amount	₱2,351,244	₱84,285	₱3,479	₱2,439,008

	December 31, 2023			
	Toll Machinery and Equipment	Vehicles	Office Equipment, Furniture and Fixtures	Total
Cost				
Balance at beginning of year	₱1,246,675	₱76,233	₱18,931	₱1,341,839
Additions	867,956	41,103	2,055	911,114
Disposal	–	(3,195)	–	(3,195)
Balance at end of period	2,114,631	114,141	20,986	2,249,758
Accumulated Depreciation and Amortization				
Balance at beginning of year	566,778	43,785	14,663	625,226
Depreciation and amortization	101,422	13,855	2,301	117,578
Disposal	–	(3,195)	–	(3,195)
Balance at end of period	668,200	54,445	16,964	739,609
Carrying Amount	₱1,446,431	₱59,696	₱4,022	₱1,510,149

Depreciation and amortization include depreciation for vehicles, toll machinery and equipment amounting to ₱123.2 million and ₱25.6 million for the period ended June 30, 2024 and June 30, 2023, respectively, which was capitalized as part of additions to service concession rights.

Computer Software

Movements in computer software are as follows:

	June 30, 2024	December 31, 2023
Cost		
Balance at beginning and end of period	₱4,699	₱4,699
Accumulated Amortization		
Balance at beginning and end of period	4,699	4,699
Carrying Amount	₱–	₱–

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 road widening and TR4 project which will be applied to subsequent billings. Advances to contractors amounted to ₱1,265.8 million and ₱711.9 million as at June 30, 2024 and December 31, 2023, respectively.

Other Noncurrent Assets

Other noncurrent assets consist of:

	June 30, 2024	December 31, 2023
ROU asset	₱19,825	₱20,679
Deposits	5,786	5,243
Deferred input VAT	2,652	3,347
	₱28,263	₱29,269

10. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consist of:

	Note	June 30, 2024	December 31, 2023
Trade:			
Third parties		₱887,496	₱852,163
Related parties	13	407,998	297,263
Accrued expenses:			
Interest	11	15,677	15,677
Others		29,757	30,862
Statutory payables		23,275	25,402
Retention payable		22,779	22,811
Payable to PNCC		20,321	20,508
Rental deposit	13	535	522
		₱1,407,838	₱1,265,208

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

Statutory payables include withholding taxes on compensation, deferred output VAT, expanded withholding tax, final withholding tax, fringe benefit tax and mandatory government contributions that are remitted to the government within the next reporting period. Deferred output VAT pertains to output VAT on the uncollected portion of rendered services. These are usually settled within the following reporting year.

Retention payable pertains to the amounts withheld by the Company from payments made to contractors. These are deducted as a percentage of the amount certified as due to the contractor and will be released upon completion of the construction.

Retention payable is classified in the statements of financial position as follows:

	June 30, 2024	December 31, 2023
Current	P22,779	P22,811
Noncurrent	317,843	223,415
	P340,622	P246,226

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 3.00% of the gross toll revenue on 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 P118.8 million, P102.4 million and P93.5 million in for the period ended June 30, 2024, June 30, 2023 and June 30, 2022, respectively (see Note 14). The outstanding balance is generally settled by the Company in the subsequent period.

The Company provided contingencies for potential claims in the normal course of business. The outstanding balance is included as part of "Accrued expenses – Others". As allowed under PAS 37 "Provisions, Contingent Liabilities and Contingent Assets", further information is not disclosed as it may prejudice the negotiation of the Company with the third party.

11. Long-term Debt

Movement in long-term debt are as follows:

	June 30, 2024	December 31, 2023
Principal		
Balance at beginning and end of period	P2,500,000	P2,500,000
Unamortized debt issue cost		
Balance at beginning of year	5,610	9,327
Amortization of debt issue cost	(1,953)	(3,717)
Balance at end of period/year	3,657	5,610
	2,496,343	2,494,390
Less : Current portion	2,496,343	–
Noncurrent portion	P –	P2,494,390

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 P7,300.0 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 P7,300.0 million with net proceeds of P7,212.2 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

Series A and series B bonds were redeemed on August 22, 2020 and May 22, 2022, respectively.

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
- 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 years	101.0%	—	—
Four years	100.5%	—	—
Five years and three months	—	101.0%	—
Six years	—	100.5%	—
Seven years	—	—	102.0%
Eight years	—	—	101.0%
Nine 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 shall comply with the following financial covenants:

- Debt-to-equity ratio (ratio of interest-bearing debt to equity, as defined in the bond offering prospectus of the Company 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 compliant with its financial covenants as at and for the period ended June 30, 2024 and December 31, 2023.

Maturity Schedule

The annual maturities of long-term debt and amortization of debt issue costs are as follows:

Year	Gross Amount of Repayment	Amortization of Debt Issue Costs	Net
2024	P-	P2,019	(P2,019)
2025	2,500,000	1,638	2,498,362
Total	P2,500,000	P3,657	P2,496,343

Interest and Other Financing Charges

The summary of interest expense and other financing charges is presented below.

	Note	June 30, 2024	June 30, 2023	June 30, 2022
Retail bond:				
Interest on long-term debt		P81,090	P81,090	P133,910
Amortization of debt issue cost		1,953	1,826	3,715
Other financing charges		123	2,027	3,140
		83,166	84,943	140,765
Accretion of interest on provision for resurfacing and maintenance obligation	12	14,650	8,464	3,387
		P97,816	P93,407	P144,152

Other financing charges consist of structuring fee, debt issuance and maintenance fees and debt security agency fees.

Accrued interest payable related to the bonds amounted to P15.7 million as at June 30, 2024 and December 31, 2023 (see Note 10).

12. Provision for Resurfacing and Maintenance Obligation

Provision for resurfacing and maintenance obligation pertains to the present value of the estimated contractual obligations of the Company to undertake the financing of the periodic maintenance which includes periodic repayment, renewal and restoration of the SLEX toll roads and toll road facilities, as defined in the STOA.

Movements in provision for resurfacing and maintenance obligation are as follows:

	Note	June 30, 2024	December 31, 2023
Balance at beginning of year		P495,423	P437,026
Provision	15	88,594	49,933
Accretion of interest	11	14,650	8,464
Actual resurfacing and maintenance incurred		(6,948)	-
Balance at end of period		591,719	495,423
Less current portion		-	-
Noncurrent portion		P591,719	P495,423

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

	June 30, 2024	December 31, 2023
Replacement period	5 years	5 years
Discount rate range	5.88% to 5.99%	5.88% to 5.94%
Price increase rate	6.0%	6.0%

Discount rates represent the interest rates of government bonds that are denominated in Peso, the currency in which the obligation will be paid, with extrapolated maturities corresponding to the expected payment of resurfacing obligation.

Price increase rate 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 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	Amount of Transaction		Outstanding Balance	
			June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Trade and Other Receivables	5					
Entities under common control		Interoperability	P4,506,791	P7,295,936	P 21,048	P38,442
		Service facility fee	8,899	9,382	2,719	316
		Teller overages and other income		-		-
		Lease of office space	1,075	2,485	192	186
					P23,959	P38,944
ROU Asset						
Entity under common control	9	Lease of land	P856	P1,712	P19,825	P20,679
Accounts Payable and Other Current Liabilities	10					
Entities under common control		Operations and maintenance	P452,360	P933,852	P98,207	P154,861
		Construction management	294,296	361,332	234,636	90,719
		Purchases of fuel	188,932	348,104	44,113	30,453
		Reimbursement of expenses	-	6,314	-	-
		Management service fees – ROW acquisition	61,715	259,443	11,556	14,037
		Purchases of other goods and services	53,906	24,808	17,676	4,973
		Interconcession	196,718	2,416	1,810	1,968
		Purchase of network device	1,187	73,279	-	38
		Management services – administrative	68,842	113,668	-	33
		Share in expense and lease	33,872	81,467	-	181
					407,998	297,263
Entity under common control	10	Rental deposit	13	16	535	522
					P408,533	P297,785
Fair Value of Plan Assets						
Retirement plan		Retirement plan contributions	P -	P727	P3,578	P3,578

Receivables from Related Parties

- a. In 2010, the Company, with MATES, SMC Skyway Corporation (SMC 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 South Metro Manila Skyway Project.

In 2022, the Company with SMC SKYWAY, SMC NAIAX Corp. and SMC Skyway Stage 3 Corp., also entered into a MOA on Inter-operability of Toll Collection System to ensure the inter-operability of toll collection system and traffic operations in accordance with the TRB guidelines for seamless traffic system.

The Company has toll receivable amounting to ₱21.0 million and ₱38.4 million as at June 30, 2024 and December 31, 2023, respectively. The outstanding balances are normally settled in the subsequent period.

- b. The Company entered into a SFA 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.
- c. The Company entered into a lease agreement with Star Infrastructure Development Corporation (SIDC) and Intelligent E-Process Technologies Corporation (IETC) for the lease of office space to SIDC and IETC located at Calamba, Laguna.

ROU 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.

ROU asset amounted to ₱19.8 million and ₱20.7 million as at June 30, 2024 and December 31, 2023, 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. Total fees charged by MATES amounted to ₱385.0 million, ₱367.5 million and ₱350.0 million for the period ended June 30, 2024, June 30, 2023, and June 30, 2022, respectively, and are presented as part of "Operations and maintenance fee"
- b. 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. Total fees charged by IETC amounted to ₱66.3 million, ₱70.9 million, and ₱80.4 million for the period ended June 30, 2024, June 30, 2023 and June 30, 2022, respectively, and are presented as part of "Operations and maintenance fee".
- c. The Company leases machineries and equipment used for the construction of additional lanes along SLEX from MATES. Rent capitalized to SCR by the Company amounted to ₱33.9 million, ₱7.5 million, and ₱8.2 million for the periods ended June 30, 2024, June 30, 2023 and June 30, 2022, respectively
- d. In the normal course of business, the Company also purchased various goods and services from various related parties.

14. Cost of Services and Operating Expenses

Cost of services and operating expenses consist of:

	Note	June 30, 2024	June 30, 2023	June 30, 2022
Cost of Services				
Operations and maintenance		₱458,582	₱438,390	₱433,363
Amortization of service concession rights	7	312,090	279,994	279,992
PNCC share	10	118,840	102,437	93,463
Provision for resurfacing and maintenance	12	88,594	50,449	91,914
Insurance		7,600	6,447	2,705
Miscellaneous cost		-	-	353
		985,706	877,717	901,790
Operating Expenses				
Outside services		75,612	74,326	70,310
Taxes and licenses		29,003	26,214	41,318
Depreciation and amortization		10,435	29,488	33,151
Salaries and other employee benefits		9,873	8,126	6,111
Communication, light and water		3,998	2,598	2,489
Repairs and maintenance		2,597	8,900	2,906
Office supplies		672	644	595
Transportation and travel		643	816	560
Retirement benefits cost		254	163	221
Entertainment, amusement and recreation		162	165	44
Advertising		-	16,285	17,308
Others		1,602	47	1,047
		134,851	167,772	176,060
		₱1,120,557	₱1,045,489	₱1,077,850

15. Retained Earnings

On March 16, 2023, the BOD approved appropriation of retained earnings amounting to ₱7,350.0 million to fund the cost of budgeted capital expenditures and other improvement projects expected to be completed in 2023.

On March 13, 2024, the BOD approved the following:

- The appropriation of retained earnings amounting to ₱12,636.4 million to fund the construction of TR4 expected to be completed in 2026.
- The reversal of appropriation amounting to ₱7,350.0 million.

16. Income Taxes

The taxable income of the Company is subject to the regular corporate income tax rate of 25% in 2024, 2023 and 2022. The Company opted to use the Optional Standard Deduction (OSD) resulting in an effective tax rate of 15% of 2024, 2023 and 2022 gross profit.

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

	June 30, 2024	June 30, 2023	June 30, 2022
Current	₱478,092	₱393,315	₱348,113
Final	13,044	20,503	6,515
Deferred	(14,447)	(8,900)	(11,020)
	₱476,689	₱404,918	₱343,608

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Law)

Under the CREATE Law, the RCIT of domestic corporations is at 25% or 20%, depending on the amount of total assets or total amount of taxable income or MCIT of 1% of gross income effective July 1, 2020 to June 30, 2023. Effective July 1, 2023, the MCIT rate changed back to 2%.

17. Financial Risk and Capital 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, 2024 and December 31, 2023.

June 30, 2024				
	Neither Past Due nor Impaired			Total
	High Grade	Standard Grade	Impaired	
Cash and cash equivalents*	P2,389,345	P-	P-	P2,389,345
Trade and other receivables	2,271,892	-	-	2,271,892
Deposits	5,786	-	-	5,786
	P4,667,023	P-	P-	P4,667,023

*Excluding cash on hand amounting to P5.8 million.

December 31, 2023				
	Neither Past Due nor Impaired			Total
	High Grade	Standard Grade	Impaired	
Cash and cash equivalents*	P3,940,273	P-	P-	P3,940,273
Trade and other receivables	2,076,507	-	-	2,076,507
Deposits	5,243	-	-	5,243
	P6,022,023	P-	P-	P6,022,023

*Excluding cash on hand amounting to P4.9 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 0.1 times as at June 30, 2024 and December 31, 2023, 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, 2024 and December 31, 2023 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, 2024	June 30, 2023	June 30, 2022
Net income for the period	₱2,377,490	₱2,008,454	₱1,583,861
Divided by the outstanding shares	3,625,000	3,625,000	3,625,000
Earnings per share – basic and diluted	₱0.66	₱0.55	₱0.44

Diluted earnings per share is equal to the basic earnings per share since the Company does not have potential dilutive shares.