C O V E R S H E E T

for

SEC FORM 17-Q

SEC Registration Number

A	1	9	9	7	0	1	4	5	1

COMPANY NAME

NLEX CORPORATION

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

NLEX COMPOUND, BALINTAWAK,
CALOOCAN CITY, METRO MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	MSRD	

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
nlexsec@mptc.com.ph	(02) 8-580-8900	0998-962-0895

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
19	Any Day in May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Maria Theresa O. Wells	towells@nlex.com.ph	(02) 8-580-8900	0998-962-0895

CONTACT PERSON's ADDRESS

NLEX Compound, Balintawak, Caloocan City, Metro Manila

NOTE1 : *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 of Notice of Deficiencies 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: **June 30, 2024**

2. Commission Identification Number: **A1997-01451** 3. BIR Tax Identification No: **004-984-946-000**

NLEX 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)

NLEX Compound, Balintawak, Caloocan City **1400**
7. Address of issuer's principal office Postal Code

+632-8-580-8900
8. Issuer's telephone number, including area code

N/A
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 Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Series A Bonds Due 2025	**Php4,000,000,000.00**
Series B Bonds Due 2028	**Php2,000,000,000.00**

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 [ ]

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PART I--FINANCIAL INFORMATION

Item 1. Financial Statements

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

Interim Condensed Financial Statements (unaudited)
June 30, 2024 and 2023

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED BALANCE SHEET AS AT JUNE 30, 2024 (UNAUDITED)
AND CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2023 (AUDITED)

	June 30, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱2,560,742,351**	₱4,048,262,416
Financial assets at fair value through profit or loss (FVTPL) (Note 5)	**2,336,122**	2,288,629
Receivables (Notes 6 and 13)	**2,537,015,580**	1,904,740,214
Inventories:		
At net realizable value	**62,856,835**	59,008,236
At cost	**16,733,693**	19,673,677
Other current assets (Note 10)	**434,033,751**	464,198,494
Total Current Assets	**5,613,718,332**	6,498,171,666
Noncurrent Assets		
Service concession assets (Note 7)	**76,742,419,409**	72,978,605,480
Goodwill (Note 26)	**6,213,799,383**	6,213,799,383
Advances to contractors and other noncurrent assets	**520,798,260**	547,570,735
Property and equipment (Note 8)	**465,114,066**	404,162,463
Other intangible assets (Note 9)	**92,373,495**	69,861,710
Total Noncurrent Assets	**84,034,504,613**	80,213,999,771
	₱89,648,222,945	₱86,712,171,437
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 11)	**4,722,066,989**	₱4,813,746,738
Short-term Loans Payable	**4,488,441,781**	2,999,260,274
Current portion of long-term debt (Note 14)	**4,349,630,190**	6,890,034,589
Income tax payable	**643,943,442**	593,248,525
Provisions (Note 12)	**148,462,118**	210,306,331
Dividends payable	**–**	2,800,000,000
Total Current Liabilities	**14,352,544,520**	18,306,596,457
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 14)	**37,569,546,774**	35,638,489,851
Service concession fees payable (Note 15)	**3,802,960,072**	3,701,582,561
Provisions (Note 12)	**961,987,523**	596,732,362
Pension liability - net	**47,782,126**	56,527,102
Long-term incentive plan payable	**67,852,575**	48,772,160
Deferred tax liabilities – net	**162,434,358**	221,088,787
Total Noncurrent Liabilities	**42,612,563,428**	40,263,192,823
Total Liabilities	**56,965,107,948**	58,569,789,280
Equity		
Capital stock (Note 16)	**1,878,600,000**	1,878,600,000
Additional paid-in capital	**9,965,880,147**	9,965,880,147
Retained earnings	**20,941,085,625**	16,400,352,785
Other comprehensive loss reserve - net	**(102,450,775)**	(102,450,775)
Total Equity	**32,683,114,997**	28,142,382,157
	₱89,648,222,945	₱86,712,171,437

See accompanying notes to Unaudited Interim Condensed Consolidated Financial Statements and Management Discussion and Analysis.

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2024 (UNAUDITED) AND JUNE 30, 2023 (UNAUDITED)

	Six Months ended June 30		Three Months ended June 30	
	2024	2023	**2024**	2023
OPERATING REVENUES				
Toll fees – net of discount	**₱12,307,679,065**	₱10,293,657,309	**₱6,005,029,139**	₱5,257,945,949
Sales of magnetic cards	**893**	3,571	**446**	3,124
Toll revenues	**12,307,679,958**	10,293,660,880	**6,005,029,585**	5,257,949,073
Non-toll revenues (Note 17)	**73,856,217**	65,341,726	**32,234,856**	23,720,022
Total revenues	**12,381,536,175**	10,359,002,606	**6,037,264,441**	5,281,669,095
Cost of services (Note 18)	**(4,492,829,739)**	(3,771,048,460)	**(2,147,689,441)**	(1,840,242,377)
Gross Profit	**7,888,706,436**	6,587,954,146	**3,889,575,000**	3,441,426,718
Construction revenue (Note 7)	**3,805,775,528**	2,365,532,751	**3,489,158,189**	1,600,782,473
Construction costs (Note 7)	**(3,805,775,528)**	(2,365,532,751)	**(3,489,158,189)**	(1,600,782,473)
General and administrative expenses (Note 19)	**(653,277,838)**	(686,851,692)	**(402,763,505)**	(296,049,303)
Interest expense and other finance cost (Note 21)	**(608,347,998)**	(581,105,775)	**(289,342,712)**	(296,256,871)
Interest income (Note 20)	**42,204,138**	92,577,985	**11,832,977**	50,580,085
Foreign exchange gain – Net	**1,117,953**	1,515,936	**164,651**	2,216,817
Other income	**122,782,498**	115,996,938	**56,020,215**	59,483,947
Income before income tax	**6,793,185,189**	5,530,087,538	**3,265,486,626**	2,961,401,393
Provision for (benefit from) income tax				
Current	**1,257,106,778**	1,042,888,386	**608,663,937**	553,954,549
Deferred	**(58,654,429)**	(26,836,504)	**(19,246,514)**	(9,231,746)
	1,198,452,349	1,016,051,882	**589,417,423**	544,722,803
Net income/ Total comprehensive income	**₱5,594,732,840**	₱4,514,035,656	**₱2,676,069,203**	₱2,416,678,590

See accompanying notes to Unaudited Interim Condensed Consolidated Financial Statements and Management Discussion and Analysis.

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2024 (UNAUDITED) AND FOR THE YEAR ENDED DECEMBER 31, 2023 (AUDITED)

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Loss Reserve	Total Equity
At January 1, 2024	**₱1,878,600,000**	**₱9,965,880,147**	**₱16,400,352,785**	**(₱102,450,775)**	**₱28,142,382,157**
Cash Dividends (see Note 16)	**–**	**–**	**(1,054,000,000)**	**–**	**(1,054,000,000)**
Net Income/Total comprehensive income	**–**	**–**	**5,594,732,840**	**–**	**5,594,732,840**
At June 30, 2024	**₱1,878,600,000**	**₱9,965,880,147**	**₱20,941,085,625**	**(₱102,450,775)**	**₱32,683,114,997**
At January 1, 2023	₱1,878,600,000	₱9,965,880,147	₱14,087,590,760	(₱92,019,540)	₱25,840,051,367
Cash dividends (Note 16)	–	–	(7,700,000,000)	–	(7,700,000,000)
Net income	–	–	10,012,762,025	–	10,012,762,025
Other comprehensive income (loss) (Note 16)	–	–	–	(10,431,235)	(10,431,235)
Total comprehensive income for the year	–	–	10,012,762,025	(10,431,235)	10,002,330,790
At December 31, 2023	₱1,878,600,000	₱9,965,880,147	₱16,400,352,785	(₱102,450,775)	₱28,142,382,157

See accompanying notes to Unaudited Interim Condensed Consolidated Financial Statements and Management Discussion and Analysis.

NLEX CORPORATION
(A Subsidiary of Metro Pacific Tollways Corporation)

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED JUNE 30, 2024 (UNAUDITED) AND JUNE 30, 2023 (UNAUDITED)

	Six Months Ended June 30	
	2024	2023
OPERATING ACTIVITIES		
Income before income tax	**₱6,793,185,189**	**₱5,530,087,538**
Adjustments to reconcile income before income tax to net cash flows:		
Amortization of service concession assets (Note 7)	**819,606,189**	**690,097,736**
Interest expense and other finance costs (Note 21)	**608,347,998**	**581,105,775**
Movements in:		
Provisions	**282,691,118**	**75,284,564**
Accrued retirement costs / pension costs	**(8,744,976)**	**5,582,523**
Depreciation of property and equipment (Note 8)	**41,759,545**	**47,864,024**
Amortization of other intangible assets (Note 9)	**625,484**	**5,186,169**
Allowance for decline in value of inventories	**12,600,000**	**–**
Retirement/reclassification of intangible assets	**–**	**–**
Unrealized foreign exchange gain (loss) – net	**(308,735)**	**1,862,092**
Unrealized gain on investments (FVTPL)	**(47,493)**	**(43,439)**
Gain on disposals of property and equipment	**(137,562)**	**(633,873)**
Interest income (Note 20)	**(42,204,138)**	**(92,577,985)**
Operating income before working capital changes	**8,507,372,619**	**6,843,815,124**
Working capital changes:		
Decrease (increase) in:		
Receivables	**(643,081,694)**	**(44,444,049)**
Inventories	**(908,615)**	**8,381,619**
Other current assets	**30,164,743**	**(519,869,623)**
Increase (decrease) in:		
Accounts payable and other current liabilities	**(244,292,543)**	**(188,733,159)**
Long-term incentive plan payable	**19,080,414**	**29,611,811**
Cash generated from operations	**7,668,334,924**	**6,128,761,723**
Income tax paid	**(1,206,411,861)**	**(985,293,912)**
Net cash flows from operating activities	**6,461,923,063**	**5,143,467,811**
INVESTING ACTIVITIES		
Interest received	**40,410,466**	**149,192,710**
Additions to:		
Service concession asset (Note 7)	**(4,482,042,607)**	**(2,448,812,994)**
Property and equipment (Note 8)	**(102,573,586)**	**(107,793,847)**
Other intangible assets (Note 9)	**(23,137,269)**	**(37,979,669)**
Proceeds from:		
Sale of property and equipment (Note 8)	**–**	**16,941,559**
Increase (decrease) in advances to contractors and other noncurrent assets	**26,772,475**	**(2,626,786,192)**
Net cash flows used in investing activities	**(4,540,570,521)**	**(5,055,238,433)**

(Forward)

	Six Months Ended June 30	
	2024	2023
FINANCING ACTIVITIES		
Proceeds from availment of:		
Short-term debt (Note 14)	**₱4,500,000,000**	**₱–**
Long-term debt (Note 14)	**2,200,000,000**	**₱3,000,000,000**
Payments of:		
Dividends	**(3,854,000,000)**	**(2,700,000,000)**
Interest expense and other finance cost	**(394,356,000)**	**(428,018,800)**
Long-term and short-term debt	**(5,825,000,000)**	**(225,000,000)**
Debt issue costs	**(35,825,342)**	**(22,500,000)**
Net cash flows from (used in) financing activities	**(3,409,181,342)**	**(375,518,800)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,487,828,800)**	**(287,289,422)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**308,735**	**(1,862,092)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,048,262,416**	**5,404,188,440**
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱2,560,742,351**	**₱5,115,036,926**

See accompanying notes to Unaudited Interim Condensed Financial Statements and Management Discussion and Analysis.

1. Corporate Information

General

NLEX Corporation (NLEX Corp. or the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on February 4, 1997. NLEX Corp.'s primary purpose is to engage in, and carry on, a construction and contracting business, involving tollways, its facilities, interchanges and related works, including the operation and maintenance thereof, or otherwise engage in any work upon roads, bridges, buildings, and structures of all kinds.

On October 19 and November 17, 2016, the Company's Board of Directors (BOD) and stockholders, respectively, approved the change in the Company's corporate name from "Manila North Tollways Corporation" to "NLEX Corporation". The SEC approved the change in the Company's corporate name on February 13, 2017.

Prior to November 4, 2022, the Company is 75.1% owned by Metro Pacific Tollways North Corporation (MPTNC) which is a wholly owned subsidiary of Metro Pacific Tollways Corporation (MPTC). Following the effectivity of the merger between MPTC and MPTNC, with MPTC as the surviving entity, MPTC currently owns 75.1% of the Company's shares. MPTC is 99.9% owned by Metro Pacific Investments Corporation (MPIC). MPIC is a publicly listed Philippine corporation and is 46.08% and 43.97% owned by Metro Pacific Holdings, Inc. (MPHI) as at December 31, 2022 and 2021, respectively.

As sole holder of the voting Class A Preferred Shares, MPHI's combined voting interest as a result of all its shareholdings is estimated at 59.09% and 57.02% as at December 31, 2022 and 2021, respectively. MPHI is a Philippine corporation whose stockholders are Enterprise Investment Holdings, Inc. (EIH) (60.0%), Intalink B.V. (26.7%) and First Pacific International Limited (FPIL) (13.3%). First Pacific Company Limited (FPC), a company incorporated in Bermuda and listed in Hong Kong, through its subsidiaries, Intalink B.V. and FPIL, holds 40.0% equity interest in EIH and an investment financing which under Hong Kong Generally Accepted Accounting Principles, require FPC to account for the results and assets and liabilities of EIH and its subsidiaries as part of FPC group of companies in Hong Kong.

The registered office address of the Company is NLEX Compound, Balintawak, Caloocan City, Metro Manila.

Toll Operations

Manila-North Expressway Project (MNEP). In April 1998, NLEX Corp. (then MNTC) was granted the concession for the rehabilitation, modernization, expansion, and operation of the North Luzon Expressway (NLEX) and the installation of the appropriate collection system therein referred to as the MNEP.

The MNEP consists of three phases as follows:

Phase I	Rehabilitation and expansion of approximately 84 kilometers (km) of the existing NLEX and an 8.5-km stretch of a Greenfield expressway that connects Tipo in Hermosa, Bataan to Subic (Segment 7)
Phase II	Construction of the northern parts of the 17-km circumferential road C-5 which connects the current C-5 expressway to the NLEX and the 5.85-km road from McArthur Highway to Letre
Phase III	Construction of the 57-km Subic arm of the NLEX to Subic Expressway

The construction of Phase I was substantially completed in January 2005. On January 27, 2005, the Toll Regulatory Board (TRB) issued the Toll Operation Permit (TOP) for the operation and maintenance of Phase I consisting of Segments 1, 2, 3 and including Segment 7 in favor of NLEX Corp. Thereafter, NLEX Corp. took over the NLEX from Philippine National Construction Corporation (PNCC) and commenced its tollway operations on February 10, 2005.

Segment 8.1, a portion of Phase II, which is a 2.7 km-road designed to link Mindanao Avenue to the NLEX, had officially commenced tollway operation on June 5, 2010. Segment 9, a portion of Phase II, which is a 2.4 km-road connecting NLEX to the McArthur Highway, had officially commenced tollway operation on March 19, 2015. In May 2014, Segment 10, a portion of Phase II, which is a 5.76 km four-lane, elevated expressway that will start from the terminal of Segment 9 in Valenzuela City going to Circumferential Road 3 (C-3 Road) in Caloocan City above the alignment of Philippine National Railway (PNR) tracks. Segment 10 construction was completed on February 28, 2019, and officially opened to the public on March 1, 2019. The remaining portion of Phase II is under pre-construction works while Phase III of the MNEP has not yet been started as at June 30, 2024.

Subic-Clark-Tarlac Expressway (SCTEX). Pursuant to the Toll Operation Certificate (TOC) received from the TRB and agreements covering the SCTEX, NLEX Corp. has commenced the management, operation and maintenance of the SCTEX on October 27, 2015. The SCTEX is a 93.77-km four-lane divided highway, traversing the provinces of Bataan, Pampanga and Tarlac.

NLEX-South Luzon Expressway (SLEX) Connector Road Project (NLEX-SLEX Connector Road). On November 23, 2016, NLEX Corp. was awarded the concession for the design, financing, construction, operation and maintenance of the NLEX-SLEX Connector Road. The NLEX-SLEX Connector Road is an elevated four-lane toll expressway structure with a length of 8 kilometers passing through and above the right of way of the PNR starting from NLEX Segment 10 at C-3 Road Caloocan City and seamlessly connecting to SLEX through Metro Manila Skyway Stage 3 Project in Manila.

As at June 30 2024, the construction of NLEX-SLEX Connector Road Section 1 is 100% complete, while the construction of Section 2 is still ongoing with 87.13% completion rate. Full completion of the project is dependent on the completion of the interconnection structure that will connect the NLEX-SLEX Connector Road Section 2 to the Metro Manila Skyway Stage 3 (MMSS3).

2. Basis of Preparation and Changes to the Company's Accounting Policies

Basis of Preparation

The interim condensed financial statements have been prepared on a historical cost basis, except for financial assets at FVTPL which are measured at fair value and prepared in accordance with Philippine Accounting Standard (PAS) 34, "Interim Financial Reporting". The interim condensed financial statements are presented in Philippine peso, which is the Company's functional and presentation currency.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2023.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, Insurance Contracts

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, Lack of exchangeability

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Seasonality of Operations

Based on historical traffic in the NLEX and SCTEX, the month of January is slightly below the normal average due to the end of the Christmas holidays. From February to May, traffic is above the normal average due to the summer holiday, which is traditionally a peak season for travel. The months of June to August registered the lowest seasonal traffic due to the rainy season. Traffic is expected to improve from September until November, while the month of December has the highest seasonal traffic mainly due to the Christmas holidays.

4. Cash and Cash Equivalents

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on-hand and cash in banks	**₱1,211,877,205**	₱2,689,518,425
Short-term deposits	**1,348,865,146**	1,358,743,991
	₱2,560,742,351	₱4,048,262,416

For purposes of the interim condensed statements of cash flows for the six months ended June 30, 2024 and 2023, cash and cash equivalents as at June 30 comprise of the following:

	2024	2023 (Unaudited)
Cash on hand and in banks	**₱1,211,877,205**	₱3,843,736,576
Short-term deposits	**1,348,865,146**	3,789,319,334
	₱2,560,742,351	₱7,633,055,910

5. Financial assets at FVTPL

Details of this account are shown below:

	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Fair Value	**Principal Amount**	Fair Value	Principal Amount
Financial assets at FVTPL				
Short-term	**₱2,336,122**	**₱1,921,954**	₱2,288,629	₱1,921,954

The movements in this account follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**₱2,288,629**	₱2,196,992
Changes in fair value taken to profit or loss	**47,493**	91,637
Balance at end of year	**₱2,336,122**	₱2,288,629

6. Receivables

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Advances to Department of Public Works and Highways (DPWH)	**₱1,068,163,481**	₱1,016,516,531
Trade receivables		
Related parties (see Note 13)	**804,036,336**	328,313,674
Third parties	**4,347,950**	4,347,025
Non-trade receivables		
Related parties (see Note 13)	**460,626,006**	398,705,122
Third parties	**123,787,952**	72,845,878
Receivables from motorists	**89,499,334**	87,803,911
Advances to officers and employees	**57,324,299**	56,171,523
Due from related parties (see Note 13)	**11,915,894**	11,915,894
Interest receivables	**10,893,763**	9,100,091
	2,630,595,015	1,985,719,649
Less allowance for doubtful accounts	**93,579,435**	80,979,435
	₱2,537,015,580	₱1,904,740,214

Trade receivables are noninterest-bearing and are generally on terms of 30 to 45 days.

Non-trade receivables are noninterest-bearing and are collectible within a year.

Advances to DPWH are noninterest-bearing and used in acquiring right-of-way requirements of the projects in accordance with the Reimbursement Agreement between NLEX and DPWH.

Advances to officers and employees are normally collectible or liquidated on the following month.

Interest receivables are collectible within three to six months.

Movements in the allowance for doubtful accounts as at June 30, 2024 and December 31, 2023 are as follows:

	2024		
	Trade Receivables	**Other Receivables**	**Total**
Balance at beginning of year	**₱35,171,165**	**₱45,808,270**	**₱80,979,435**
Provision for doubtful accounts (see Note 19)	**12,600,000**	**–**	**12,600,000**
	₱47,771,165	**₱45,808,270**	**₱93,579,435**

	2023		
	Trade Receivables	**Other Receivables**	**Total**
Balance at beginning of year	₱3,936,375	₱ 43,492,940	₱ 47,429,315
Provision for doubtful accounts (see Note 19)	31,234,790	3,675,330	34,910,120
Write-off	–	(1,360,000)	(1,360,000)
	₱35,171,165	₱45,808,270	₱80,979,435

7. Service Concession Assets

The movements in this account follow:

	MNEP	**SCTEX**	**NLEX-SLEX Connector Road**	**Total**
Cost:				
At January 1, 2023	₱52,357,796,601	₱5,347,939,710	₱17,622,234,577	₱75,327,970,888
Additions	4,069,040,441	152,520,560	7,490,513,345	11,712,074,346
Reclassifications	–	–	(65,023,560)	(65,023,560)
At December 31, 2023	56,426,837,042	5,500,460,270	25,047,724,362	86,975,021,674
Additions	3,274,727,579	71,866,130	1,236,826,409	4,583,420,118
At June 30, 2024	**₱59,701,564,621**	**₱5,572,326,400**	**₱26,284,550,771**	**₱91,558,441,792**
Accumulated amortization:				
At January 1, 2023	₱12,091,136,757	₱555,094,466	₱–	₱12,646,231,223
Amortization	1,270,842,997	79,341,974	–	1,350,184,971
At December 31, 2023	13,361,979,754	634,436,440	–	13,996,416,194
Amortization (see Note 18)	777,914,753	41,691,436	–	819,606,189
At June 30, 2024	**₱14,139,894,507**	**₱676,127,876**	**₱–**	**₱14,816,022,383**
Net book value:				
At June 30, 2024	**₱45,561,670,114**	**₱4,896,198,524**	**₱26,284,550,771**	**₱76,742,419,409**
At December 31, 2023	43,064,857,288	4,866,023,830	25,047,724,362	72,978,605,480

MNEP

Additions for the six months ended June 30, 2024 pertain primarily to the construction costs and strengthening of bridges, toll plazas, FOE enhancements and RFID advance reading project with aggregate amount of ₱2,936.1 million. Borrowing costs capitalized amounted to ₱336.6 million and ₱ 237.1 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The interest rate used to determine the amount of borrowing costs eligible for capitalization was 4.00% to 7.15%.

SCTEX

Additions in SCTEX mainly pertain to the mitigation of Pasig Potrero bridge and FOE enhancements and other technical upgrades.

NLEX-SLEX Connector Road

Additions in NLEX-SLEX Connector Road pertains mainly to construction costs and the accretion in the present value of periodic payments to DPWH in consideration for the acquisition of the right of way. Other additions include professional fees and general and administrative expenses. Capitalized borrowing costs and accretion of interest is ₱450.8 million and ₱101.4 million and ₱443.0 million and ₱105.6 million for the six months ended June 30, 2024 and June 30, 2023 respectively.

8. Property and Equipment

The movements in this account are as follows:

	Land	Building, Building Improvements and Leasehold Improvements	Transportation Equipment	Office Equipment and Others	Total
Cost:					
At January 1, 2023	₱–	₱235,683,993	₱204,572,637	₱616,741,033	₱1,056,997,663
Additions	–	11,955,559	48,465,811	36,852,154	97,273,524
Disposals	–	(1,120,714)	(10,979,062)	(6,060,719)	(18,160,495)
Reclassification	65,023,560	–	–	(532,694)	64,490,866
At December 31, 2023	₱65,023,560	₱246,518,838	₱242,059,386	₱646,999,774	₱1,200,601,558
Additions	–	4,773,488	31,516,096	65,796,079	102,085,663
Disposals	–	–	–	–	–
At June 30, 2024	**₱65,023,560**	**₱251,292,326**	**₱273,575,482**	**₱712,795,853**	**₱1,302,687,221**
Accumulated depreciation:					
At January 1, 2023	₱–	₱112,815,724	₱131,740,381	₱469,398,958	₱713,955,062
Depreciation	–	17,412,170	29,992,274	51,626,438	99,030,882
Disposals	–	(1,120,714)	(9,629,062)	(5,797,074)	(16,546,850)
At December 31, 2023	₱–	₱129,107,180	₱152,103,593	₱515,228,322	₱796,439,095
Depreciation (see Notes 18 and 19)	–	8,211,771	14,976,398	17,945,891	41,134,060
Disposals	–	–	–	–	–
At June 30, 2024	**₱–**	**₱137,318,951**	**₱167,079,991**	**₱533,174,213**	**₱837,573,155**
Net book value:					
At June 30, 2024	**₱65,023,560**	**₱ 113,973,375**	**₱106,495,491**	**₱179,621,640**	**₱465,114,066**
At December 31, 2023	65,023,560	117,411,658	89,955,793	131,771,452	404,162,463

As at June 30, 2024 and December 31, 2023, there are no items of property and equipment with liens or encumbrances or used as security of any outstanding loan.

9. Other Intangible Assets

Other intangible assets pertain to computer software relating to the Company's accounting, reporting and asset management systems with estimated useful life of 5 years. The movements in this account follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance at beginning of year	**₱208,347,614**	₱148,974,728
Additions	**23,137,269**	59,372,886
Balance at end of the period	**231,484,883**	208,347,614

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accumulated amortization:		
Balance at beginning of year	**138,485,904**	129,014,862
Amortization (see Notes 18 and 19)	**625,484**	9,471,042
Balance at end of the period	**139,111,388**	138,485,904
Net book value	**₱92,373,495**	₱69,861,710

10. Other Current Assets

Details of other current assets are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred input VAT	**₱190,190,738**	₱189,920,958
Advances to contractors and consultants	**110,603,904**	171,343,425
Prepayments	**160,516,815**	120,103,508
Input VAT	**13,728,337**	14,758,174
Creditable withholding tax	**451,725**	9,530,197
	475,491,519	505,656,262
Less: Allowance for non-recoverability of advances (see Note 19)	**(26,699,594)**	(26,699,594)
Allowance for unclaimable input VAT	**(14,758,174)**	(14,758,174)
	₱434,033,751	₱464,198,494

11. Accounts Payable and Other Current Liabilities

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade Payables		
Third parties	**₱378,360,804**	₱814,901,867
Related parties (see Notes 13)	**174,116,045**	184,821,004
Accrued Expenses		
Third parties	**1,673,929,076**	1,435,495,933
Related parties (see Notes 13)	**729,740,219**	713,605,531
Retention payable		
Third parties	**722,151,905**	637,994,524
Related parties (see Notes 13)	**107,355,910**	102,653,726
Output VAT – net	**427,591,538**	441,593,957
Interest payable	**279,585,735**	109,053,061
Deferred output VAT	**67,880,998**	59,899,357
Withholding taxes payable	**57,744,149**	147,993,421
Unearned revenue		
Third parties	**12,397,218**	12,397,371
Related parties (see Notes 13)	**2,502,624**	2,502,624
Others	**88,710,768**	150,834,362
	₱4,722,066,989	₱4,813,746,738

Accrued expenses consist of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Construction costs	**₱636,297,959**	₱662,675,180
Outside services	**571,866,219**	436,513,850
TRB fee	**348,244,737**	315,283,738
Concession fees	**215,685,799**	231,941,047
PNCC fee	**101,738,421**	99,164,553
Transportation and travel	**100,636,497**	67,462,802
Operating and maintenance costs	**88,961,513**	84,591,318
Repairs and maintenance	**62,508,004**	47,528,475

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Taxes and Licenses	**45,821,832**	–
Advertising and marketing expenses	**38,823,701**	51,790,012
Management fees	**22,623,030**	10,293,742
Professional fees	**19,839,158**	21,100,067
Toll collection and medical services	**2,354,293**	328,113
Project insurance	–	10,680,174
Others	**148,268,132**	109,748,393
	₱2,403,669,295	₱2,149,101,464

Trade payables and accrued expenses are noninterest-bearing and are normally settled within 30 to 45 days.

Retention payable is a percentage of the amount certified as due to the contractor on an interim certificate that is deducted from the amount due and retained by the Company. Retention payable is usually released at the end of the warranty period.

Output VAT - net pertains to net amount of VAT payable to taxation authority. Deferred output VAT is reported as output VAT upon collection of related receivables within the next reporting period. Withholding taxes and VAT payable are remitted to the government the following month.

Interest payable is settled within three to six months.

12. Provisions

The movements in this account follow:

	Heavy Maintenance	Others	Total
At January 1, 2023	₱537,966,502	₱112,938,679	₱650,905,181
Additions	98,119,803	109,454,342	207,574,145
Accretion	29,589,233	–	29,589,233
Payments	(1,298,253)	(66,844,364)	(68,142,617)
Reversal	–	(12,887,249)	(12,887,249)
At December 31, 2023	664,377,285	142,661,408	807,038,693
Additions (see Notes 18 and 19)	354,522,237	20,681,956	375,204,193
Accretion (see Note 21)	20,719,830	–	20,719,830
Payments	–	(92,513,075)	(92,513,075)
At June 30, 2024	**₱1,039,619,352**	**₱70,830,289**	**₱1,110,449,641**
At June 30, 2024:			
Current	**₱101,070,481**	**₱47,391,637**	**₱148,462,118**
Noncurrent	**938,548,871**	**23,438,652**	**961,987,523**
	₱1,039,619,352	**₱70,830,289**	**₱1,110,449,641**
At December 31, 2023:			
Current	₱101,070,481	₱109,235,850	₱210,306,331
Noncurrent	563,306,804	33,425,558	596,732,362
	₱664,377,285	₱142,661,408	₱807,038,693

Provision for heavy maintenance pertains to the present value of the estimated contractual obligations of the Company to maintain the service concession asset to a specified level of serviceability during the service concession term and to restore the same assets in good working condition prior to turnover of the assets to the Grantor at the end of the concession period. The amount of provision is reduced by the actual obligations paid for heavy maintenance of the service concession assets.

Other provisions include employee leave entitlements that is also expected to be settled beyond one year after the reporting date.

13. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

The following table provides the total amount of significant transactions with related parties for the relevant year:

Related Party	Relationship		Management Fees (see Note 19)	Professional Fee (see Note 19)	Outside Services (see Notes 18 and 19)	Repairs and Maintenance (see Notes 18 and 19)	Communication, Light and Water (see Notes 18 and 19)	Advertising and Marketing Expenses (see Notes 18 and 19)	Fuel & Oil, Transportation and Travel Expenses, Rental (see note 18)	Income from Utility Facilities (see Note 17)	Other Income
MPTC	Parent Company	**2024**	**₱15,476,093**	**₱360,000**	**₱–**	**₱2,396,538**	**₱–**	**₱–**	**₱–**	**₱–**	**₱33,992,650**
		2023	15,476,093	340,000	–	352,538	–	35,944,440	–	–	37,207,292
MPIC	Parent Company of MPTC	**2024**	–	–	–	–	–	–	–	–	–
		2023	–	–	–	–	–	–	–	–	–
MPTDI (formerly MPTMSI)	Subsidiary of MPTC	**2024**	–	–	**38,725,722**	–	–	–	–	–	**3,842,779**
		2023	–	–	38,725,722	–	–	–	–	–	3,423,915
Easytrip Services Corp. (ESC)	Joint Venture of MPT North	**2024**	–	–	**153,733,319**	–	–	**27,960,859**	–	–	**1,121,129**
		2023	–	–	155,580,516	–	–	13,944,993	–	–	538,016
Smart Communications Inc. (Smart)	Associate of FPC	**2024**	–	–	–	–	**2,300,913**	–	–	**600,630**	–
		2023	–	–	–	4,464	2,874,171	18,750	–	–	–
Egis Projects Philippines Inc.	Associate of FPC	**2024**	–	**23,640,606**	–	**16,428,638**	–	–	–	–	–
		2023	–	11,059,214	–	13,883,607	–	–	–	–	–
Indra Philippines Inc.	Associate of FPC	**2024**	–	–	–	**28,528,047**	–	–	–	–	–
		2023	–	–	–	24,259,235	–	–	–	–	–
PLDT	Associate of FPC	**2024**	–	–	–	–	**4,172,050**	–	–	**899,126**	–
		2023	–	–	–	–	3,992,873	–	–	2,415,918	–
Cavitex Infrastracture Corp (CIC)	Subsidiary of MPTC	**2024**	–	–	–	–	–	–	–	–	**9,896,409**
		2023	–	–	–	–	–	507	–	–	27,021,766
Cebu Cordova Link Expressway (CCLEC)	Subsidiary of MPTC	**2024**	–	–	–	–	–	–	–	–	**1,968,203**
		2023	–	–	–	–	–	–	–	–	1,013,535
Metro Pacific Tollways Vizmin (MPTVizmin)	Subsidiary of MPTC	**2024**	–	–	–	–	–	–	–	–	–
		2023	–	–	–	–	–	–	–	–	–
SAVVICE Inc. (formerly Southbend Express Services)	Subsidiary of MPTC	**2024**	**₱–**	**₱–**	**₱274,930,291**	**₱2,103,087**	**₱379,081**	**₱–**	**₱23,364,219**	**₱–**	**₱1,899,875**

Related Party	Relationship		Management Fees (see Note 19)	Professional Fee (see Note 19)	Outside Services (see Notes 18 and 19)	Repairs and Maintenance (see Notes 18 and 19)	Communication, Light and Water (see Notes 18 and 19)	Advertising and Marketing Expenses (see Notes 18 and 19)	Fuel & Oil, Transportation and Travel Expenses, Rental (see note 18)	Income from Utility Facilities (see Note 17)	Other Income
		2023	₱–	₱–	₱228,159,387	₱104,302	₱–	₱–	₱31,819,131	₱–	₱650,775
MPT Mobility (formerly NLEX Ventures Corporation)	Subsidiary of MPTC	**2024**	–	–	**64,157,983**	–	–	–	–	–	**6,865,474**
		2023	–	–	60,139,076	–	–	–	214	–	6,411,818
Metro Pacific Tollways South Management Corp (MPTSMC)	Subsidiary of MPTC	**2024**	–	–	–	–	–	–	–	–	–
		2023	–	–	–	–	–	–	–	–	–
MPCALA Holdings Inc	Subsidiary of MPTNC	**2024**	**–**	**–**	**–**	**–**	**–**	**–**	–	**–**	**23,720,784**
		2023	–	–	–	–	–	–	57	–	17,232,866
Manila Electric Company (Meralco)	Associate of MPIC	**2024**	–	–	–	–	**37,945,100**	–	–	–	–
		2023	–	–	–	–	36,138,390	–	–	–	–
Maynilad	Associate of MPIC	**2024**	–	–	–	–	**724,197**	–	–	–	–
		2023	–	–	–	–	500,824	–	–	–	–
Total		**2024**	**₱15,476,093**	**₱24,000,606**	**₱531,547,315**	**₱49,456,310**	**₱45,521,341**	**₱27,960,859**	**₱23,364,219**	**₱1,499,756**	**₱83,307,303**
		2023	15,476,093	11,399,214	482,604,701	38,604,146	43,506,258	49,908,690	31,819,402	2,415,918	93,499,983

Outstanding balances of receivables from/payables to related parties are carried in the statements of financial position under the following accounts:

Related Party	Relationship		Advances to Suppliers (see Note 10)	Receivables[2] (see Note 6)	Due from Related Parties[1] (see Note 6)	Due to Affiliate[2] (see Note 11)	Accounts Payable and Other Current Liabilities and Dividends Payable[2] (see Notes 11 and 16)	Terms	Conditions
MPTC	Intermediate Parent Company	**2024**	**₱–**	**₱85,048,262**	**₱1,681,966**	**₱–**	**₱28,488,858**	(1) On demand; noninterest-bearing	Unsecured; no
		2023	–	65,308,532	1,681,966	–	1,991,317,835	(2) 30-45 days; noninterest-bearing	impairment
Metro Pacific Tollways South Management Corp.	Subsidiary of MPTSC	**2024**	**–**	**211,150**	**377,544**	**–**	**13,212,718**	On demand; noninterest-bearing	
		2023	–	370,287	377,544	–	13,212,718		Unsecured; no impairment
MPCALA Holdings, Inc. (MHI)	Subsidiary of MPTNC	**2024**	**–**	**23,792,223**	**–**	**–**	–	On demand; noninterest-bearing	
		2023	–	6,168,214	**–**	–	–		Unsecured; no impairment
CIC	Subsidiary of MPTC	**2024**	**–**	**7,687,511**	**233,805**	**–**	**89,033**	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	19,113,919	233,805	–	89,328		
ESC	Subsidiary of MPTC	**2024**	**–**	**775,841,811**	**91,350**	**–**	**317,440,527**	(1) On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	295,749,191	91,350	–	245,936,583	(2) 7 days; noninterest-bearing	
Indra	Associate of MPIC	**2024**	–	**–**	**–**	**–**	**102,015,832**	Within one year; noninterest-bearing	Unsecured, no impairment
		2023	**–**	–	–	–	98,713,518		
Smart	Associate of FPC	**2024**	**–**	**1,838,614**	**–**	**–**	**1,725,139**	30-45 days; noninterest-bearing	Unsecured; no impairment

Related Party	Relationship		Advances to Suppliers (see Note 10)	Receivables[2] (see Note 6)	Due from Related Parties[1] (see Note 6)	Due to Affiliate[2] (see Note 11)	Accounts Payable and Other Current Liabilities and Dividends Payable[2] (see Notes 11 and 16)	Terms	Conditions
		2023	3,181	1,652,764	–	–	2,201,880		
PLDT	Associate of FPC	**2024**	**–**	**29,993,979**	**–**	**–**	**2,967,849**	30-45 days; noninterest-bearing	Unsecured; no impairment
		2023	–	29,776,113	–	–	700,671		
Meralco	Associate of MPIC	**2024**	**3,815,236**	**–**	**–**	**–**	**8,799,685**	Within one year; noninterest-bearing	Unsecured, no impairment
		2023	17,977,322	–	–	–	10,006,499		
Maynilad	Subsidiary of MPIC	**2024**	–	**335,517**	**65,237**	**–**	**74,169**	Within one year; noninterest-bearing	Unsecured, no impairment
		2023	85,890	335,517	65,237	–	84,935		
MPTDI	Subsidiary of MPTC	**2024**	**–**	**16,778,741**	**8,708,393**	**–**	**43,372,809**	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	16,418,464	8,708,393	–	34,192,684		
MPTMobility	Subsidiary of MPTC	**2024**	**–**	**297,594,906**	**752,168**	**–**	**121,927,728**	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	258,858,827	752,168	–	83,911,068		
Cebu Cordova Link Expressway Corporation	Subsidiary of MPTC	**2024**	**–**	**2,273,723**	**5,431**	**–**	**544,853**	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	2,572,183	5,431	–	544,853		
SESI	Subsidiary of MPTC	**2024**	**–**	**23,160,184**	**–**	**–**	**253,799,283**	On demand; noninterest-bearing	Unsecured; no impairment
		2023	48,189,643	30,589,064	–	–	333,954,847		
MPIC	Parent Company of MPTC	**2024**	**–**	**8,159**	**–**	**–**	**–**	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	8,159	–	–	2,713,635		
MPTVizmin	Subsidiary of MPTC	**2024**	**–**	**–**	**–**	**–**	**–**	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	–	–	–	–		
EPPI	Associate of FPC	**2024**	**–**	**97,562**	**–**	**–**	**119,256,315**	On demand; noninterest-bearing	Unsecured; no impairment
		2023	–	97,562	–	–	106,223,427		
Egis Investment Partners Philippines, Inc. (EIPPI)	Stockholder	**2024**	**–**	–	**–**	**–**	**–**	On demand; noninterest-bearing	Unsecured
		2023	–	–	–	–	284,587,672		
Banco de Oro Unibank, Inc. (BDO)	Stockholder	**2024**	**–**	**–**	**–**	**–**	**–**	On demand; noninterest-bearing	Unsecured
		2023	–	–	–	–	389,237,363		
Global Fund Holdings, Inc. (Global Fund)	Stockholder	**2024**	**–**	**–**	**–**	**–**	**–**	On demand; noninterest-bearing	Unsecured
		2023	–	–	–	–	109,191,951		
Republic of the Philippines	Stockholder	**2024**	**–**	**–**	**–**	**–**	**–**	On demand; noninterest-bearing	Unsecured
		2023	–	–	–	–	96,761,418		
Total		**2024**	**₱3,815,236**	**₱1,264,662,342**	**₱11,915,894**	**₱–**	**₱1,013,714,798**		
		2023	66,256,036	727,018,796	11,915,894	–	3,803,582,885		

14. Short-term Loans and Long-term Debt

Short-term Loans Payable

On November 6, 2023, NLEX Corp availed of 91-day short-term loans from Rizal Commercial Banking Corporation (RCBC) and Philippine National Bank (PNB) amounting to ₱2.0 billion and ₱ 1.0 billion, respectively, both with an annual interest rate of 6.0% and maturity date of February 5, 2024. The proceeds were used to bridge finance the Company's capital expenditures. These short-term loans were paid on their maturity dates.

On March 27, 2024, the Company availed of 90-day short-term loans from Metropolitan Bank and Trust Company (MBTC) and PNB amounting to ₱2.0 billion and ₱1.0 billion, respectively, both with an annual interest rate of 5.9% and maturity date of June 25, 2024. The proceeds were used to refinance its maturing loans and other general corporate purposes. Debt issue costs related to these drawdowns amounted to ₱5.5 million. On maturity date, the company renewed the loans with 180-day term and an annual interest rate of 5.9%, maturity date will be on December 20, 2024.

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Peso-denominated Notes and Loans:		
Term Loan Facilities	**₱18,600,000,000**	₱16,625,000,000
Corporate Notes	**17,547,000,000**	17,547,000,000
Fixed-rate Bonds	**6,000,000,000**	8,600,000,000
	42,147,000,000	42,772,000,000
Less: unamortized debt issue costs	**227,823,036**	243,475,560
	41,919,176,964	42,528,524,440
Less: current portion of long-term debt	**4,349,630,190**	6,890,034,589
	₱37,569,546,774	₱35,638,489,851

The unamortized debt issue costs incurred in connection with the availment of long-term debt amounting to ₱227.8 million and ₱243.5 million as at June 30, 2024 and December 31, 2023, respectively, were deducted against the long-term debt.

The movements in debt issue costs are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**₱243,475,560**	₱273,460,256
Amortization during the year*(see Note 7 and 21)	**(32,152,524)**	(69,563,564)
Debt issue costs incurred during the year	**16,500,000**	39,578,868
Balance at end of period	**₱227,823,036**	₱243,475,560

**Includes amortization of debt issue costs capitalized to service concession assets amounting to ₱17,919,880 in 2024 and ₱52,915,359 in 2023.*

2020 Corporate Notes Facility

On November 4, 2020, NLEX Corp. entered into a Corporate Notes Facility Agreement with various financial institutions for an unsecured note amounting to ₱20.0 billion (₱11.0 billion for Tranche A Facility and ₱9.0 billion for Tranche B Facility), with tenors ranging from 7 years (Tranche A) and 10 years (Tranche B). The noteholders for Tranche A are China Banking Corporation (CBC), Development Bank of the Philippines, KEB Hana Bank Manila Branch, Land Bank of the Philippines (LBP), and The Insular Life Assurance Company, Ltd. while the noteholders for Tranche B are CBC, LBP, Sun Life of Canada (Philippines) Inc., and United Coconut Planters Bank. The initial drawdown was made on November 11, 2020 amounting to ₱5.0 billion, of which, ₱2.75 billion refers to Tranche A while ₱2.25 billion refers to Tranche B.

The applicable interest rate for the initial drawdown for Tranche A (7-year tranche) was 4.040% from Issue Date until the day immediately prior to second (2nd) anniversary of the Initial Issue Date while for Tranche B (10-year tranche) was 4.293% from Issue Date until the day immediately prior to fifth (5th) anniversary of the Initial Issue Date. The proceeds will be primarily used to finance the NLEX Connector Road Project and other capital expenditures.

On March 26, 2021 until May 2, 2022, NLEX Corp. made subsequent drawdowns from ₱20.0 billion Corporate Notes Facility which were priced at prevailing market rates prior to drawdown date, ranging from 4.58% to 6.86% for Tranche A and 4.29% to 6.38% for Tranche B.

Term Loan Facilities

Bank of the Philippine Islands (BPI). On December 18, 2023, the Company entered into a ₱10.0 billion, 10-year term loan agreement with BPI to finance partially fund its capital expenditures and refinance its maturing debt. The loan is subject to intermediate re-pricing based on pre-agreed pricing options.

On December 28, 2023, the Company made an initial drawdown of ₱2.0 billion with an annual interest rate of 6.57%. On February 2, 2024, the Company made its second drawdown amounting to ₱2.2 billion with an annual interest rate of 6.69%.

As at June 30, 2024, the loan facility has an undrawn balance of ₱5.8 billion.

Metropolitan Bank and Trust Company (Metrobank). On November 11, 2022, the Company entered into a ₱7.0 billion, 10-year term loan agreement with Metrobank to finance its capital expenditures and other general corporate purposes. The loan is subject to intermediate re-pricing based on pre-agreed pricing options.

On November 16, 2022, the Company made an initial drawdown of ₱4.0 billion with an annual interest rate of 7.13%. On March 21, 2023, the Company made its second drawdown amounting to ₱3.0 billion with an annual interest rate of 7.50%.

BDO Unibank Inc. On September 19, 2019, NLEX Corp. entered into a term loan facility agreement with BDO Unibank Inc. for a 10-year fixed-rate loan amounting to ₱5.0 billion. The proceeds of the loan will be used to partially finance the Company's capital expenditure projects.

By December 27, 2019, the Company has fully availed of the loan, with interest rates ranging from 4.73%. to 5.21% p.a.

Unionbank of the Philippines (Unionbank). On January 29, 2016, NLEX Corp. entered into a new ten-year term loan facility agreement with Unionbank for a facility amount of ₱5.0 billion to finance capital expenditures which include Segment 10 and its exit ramps and the NLEX-SLEX Connector Road. On February 3 and December 29, 2016, NLEX Corp. made its initial and second drawdown amounting to ₱1.0 billion each. The undrawn amount will be available for drawing in one (1) or more availments on any banking day within one (1) year from July 24, 2015 with an extension period up to July 24, 2017, or such longer period as the parties may agree upon in writing. Total debt issue costs incurred on the initial and second drawdown amounted to ₱11.0 million.

On July 24, 2017, the Company opted not to extend the availability period of the undrawn amount of the term loan facility. On August 9, 2017, Unionbank, billed NLEX Corp. for the commitment fee of ₱12.1 million which is equivalent to 0.25% per annum of the undrawn amount, computed from January 29, 2016 up to July 24, 2017. The Company paid ₱100.0 million on February 3, 2020 and 2021.

Philippine National Bank (PNB). On December 4, 2015, NLEX Corp. entered into a new ten-year term loan facility agreement with PNB for a facility amount of ₱5.0 billion to finance capital expenditures such as the NLEX Lane Widening Project, NLEX-SCTEX Integration Project and the upgrade of the SCTEX. On December 10, 2015, NLEX Corp. made its initial drawdown amounting to ₱3.0 billion. Debt issue costs incurred on the initial drawdown amounted to ₱15.0 million.

On October 24, 2017, NLEX Corp. made its second and final drawdown amounting to ₱2.0 billion. The Company paid ₱4.2 million in commitment fees for not being able to draw in accordance with the drawdown schedule. Total debt issue costs incurred on the second drawdown, including the commitment fees, amounted to ₱14.2 million.

The Company paid ₱250.0 million on December 15, 2019 and December 14, 2020.

On December 15, 2021, the Company partially prepaid its term loan facility with PNB amounting to ₱1.0 billion as well as paid the principal repayment of ₱150.0 million for the 2015 drawdown and ₱100.0 million for the 2017 drawdown.

Fixed-rate Bonds

On March 31, 2014, the Company issued ₱4.4 billion principal amounts of fixed-rate bonds with a term of seven years and ₱2.6 billion principal amounts of bonds with ters of ten years, for public distribution and sale in the Philippines. Interest payments are payable quarterly in arrears on March 31, June 30, September 30 and December 31 starting on June 30, 2014. Total debt issue costs amounted to ₱76.0 million. The bonds will be payable with bullet payment at the end of 7-year/10-year maturity periods. The proceeds will be used by the Company to partially fund the construction cost of Segment 10, portion of Phase II of MNEP, which will connect the MacArthur Highway in Valenzuela City to C-3 Road in Caloocan City.

On July 4, 2018, the Company issued ₱4.0 billion fixed-rate bonds with term of seven years and ₱2.0 billion principal amounts of bonds with term of ten years, for public distribution and sale in the Philippines. Interest payments are payable quarterly in arrears on July 4, October 4, January 4 and April 4, starting on October 4, 2018.

The bonds will be payable at the end of the seven-year and ten-year maturity periods on July 4, 2025 and July 4, 2028, respectively. The proceeds will be used by the Company to partially fund the construction cost of Segment 10: C3-R10 Ramp Project, portion of Phase II of MNEP, which will connect the C-3 Road in Caloocan City to the R-10 in the Port area, and other general corporate purposes.

The bonds issued by the Company in 2014 and 2018 contain an early redemption option where the Company has the right, but not the obligation, to redeem in whole, and not in part, any series of the bonds before the relevant maturity dates. The early redemption option was assessed by the management as closely and clearly related to the host contract.

On maturity dates, NLEX Corp paid the fixed rate bonds issued on March 31, 2024. The 7-year tranche amounting to ₱4.4 billion was settled on March 31, 2021 while the 10-year tranche amounting to ₱2.6 billion was settled on April 1, 2024.

15. Service Concession Fees Payable

The movements in the service concession fees payable are as follows:

	June 30, 2024 (Unaudited)	December 31,2023 (Audited)
At January 1	**₱3,701,582,561**	₱3,491,276,228
Accretion	**101,377,511**	210,306,333
Balance at end of period	**3,802,960,072**	₱3,701,582,561

16. Equity

Capital Stock

Details of shares of stock of the Company as at June 30, 2024 and December 31, 2023 follow:

	Number of Shares
Authorized - ₱100 par value	40,000,000
Issued	18,786,000

Cash dividends

The following cash dividends were declared as of June 30, 2024:

Declaration Date	Record Date	Payment Date	Cash Dividend per Share	Total
April 16, 2024	**April 21, 2024**	**April 29, 2024**	**₱56.11**	**₱1,054,000,000**
December 15, 2023	December 29, 2023	January 12, 2024	149.05	2,800,000,000
July 26, 2023	August 1, 2023	September 11, 2023	186.31	3,500,000,000
March 6, 2023	March 21, 2023	April 14, 2023	74.52	1,400,000,000
December 15, 2022	December 31, 2022	January 26, 2023	69.20	1,300,000,000

Other Comprehensive Loss Reserve

	Re-measurement of Defined Benefit Plan	**Income Tax Related to Defined Benefit Plan**	**Total**
Balance at January 1 and June 30, 2024	(₱97,303,953)	(₱5,146,822)	(₱102,450,775)

	Re-measurement of Defined Benefit Plan	Income Tax Related to Defined Benefit Plan	Total
Balance at January 1, 2023	(₱85,031,912)	(₱6,987,628)	(₱92,019,540)
Remeasurement loss (see Note 24)	(12,272,041)	1,840,806	(10,431,235)
Balance at December 31, 2023	(₱97,303,953)	(₱5,146,822)	(₱102,450,775)

17. Non-Toll Revenue

Details of non-toll revenue follow:

	For Six Months Ended June 30	
	2024	2024
	(Unaudited)	
Income from toll service and utility facilities	**₱73,856,217**	**₱65,341,726**
	₱73,856,217	**₱65,341,726**

18. Cost of Services

This account consists of:

	Six Months Ended June 30	
	2024	2023
	(Unaudited)	
Concession fee	**₱1,161,010,756**	₱999,319,929
Amortization of service concession assets (see Note 7)	**819,606,189**	690,097,736
Outside services (see Note 13)	**579,230,849**	531,249,443
PNCC fee	**564,596,464**	519,237,235
Salaries and employee benefits	**405,473,461**	408,418,851
Provision for heavy maintenance (see Note 12)	**354,522,237**	161,832,435
Repairs and maintenance (see Note 13)	**257,494,351**	145,965,471
Insurance	**79,429,147**	70,754,967

	Six Months Ended June 30	
	2024	2023
	(Unaudited)	
Communication, light & water	**61,190,310**	64,237,104
Fuel & Oil (see Note 13)	**48,465,658**	54,719,975
Depreciation of property and equipment (see Note 8)	**24,424,904**	31,022,458
Advertising and promotions	**28,009,672**	21,500,136
Toll collection and medical services	**11,026,980**	7,677,575
Amortization of other intangible assets (see Note 9)	**487,667**	4,914,424
Others	**97,861,094**	60,100,721
	₱4,492,829,739	₱3,771,048,460

19. General and Administrative Expenses

This account consists of:

	Six Months Ended June 30	
	2024	2023
	(Unaudited)	
Salaries and employee benefits	**₱205,492,676**	₱247,583,626
Taxes and licenses	**145,834,188**	130,879,963
Professional fees	**73,754,668**	76,042,772
Outside services (see Note 13)	**60,931,107**	47,578,193
Representation and travel	**50,042,299**	19,041,984
Advertising and marketing expenses	**43,222,761**	85,859,936
Depreciation of property and equipment (see Note 8)	**16,709,157**	16,841,566
Management fees (see Note 13)	**15,476,093**	15,476,093
Office supplies	**9,177,735**	6,093,505
Provisions (see Note 12)	**6,763,806**	6,826,918
Training and development costs	**3,958,763**	3,201,017
Rentals	**2,295,540**	1,413,724
Repairs and maintenance (see Note 13)	**1,968,052**	287,019
Directors' fees	**840,000**	759,544
Communication, light & water	**581,234**	1,259,462
Amortization of other intangible assets (see Note 9)	**137,816**	271,745
Miscellaneous	**16,091,943**	27,434,625
	₱653,277,838	₱686,851,692

20. Interest Income

Sources of interest income follow:

	Six Months Ended June 30	
	2024	2023
	(Unaudited)	
Cash and cash equivalents	**₱42,204,138**	**₱92,577,985**
	₱42,204,138	**₱92,577,985**

21. Interest Expense and Other Finance Costs

Sources of interest expense and other finance costs follow:

	Six Months Ended June 30	
	2024	2023
	(Unaudited)	
Interest expense on:		
Long-term debt (see Note 14)	**₱560,460,082**	₱522,354,702
Provision for heavy maintenance (see Note 12)	**20,719,830**	40,349,158
Finance costs:		
Amortization of debt issue costs (see Note 14)	**22,739,494**	8,284,041
Lenders' fees	**4,367,726**	10,080,616
Bank charges	**60,866**	37,258
	₱608,347,998	₱581,105,775

22. Significant Contracts and Commitments

PNCC Fee

In consideration of the assignment by PNCC of its usufructuary rights, interests and privileges under its franchise, PNCC is entitled to receive payment equivalent to 6% and 2% of the toll revenues from the NLEX and Segment 7, respectively. Any unpaid balance carried forward will accrue interest at the rate of the latest Philippine 91-day Treasury bill rate plus 1% per annum. This entitlement, as affirmed in the Amended and Restated Shareholders' Agreement (ARSA) dated September 30, 2004, shall be subordinated to operating expenses and the requirements of the financing agreements and shall be paid out subject to availability of funds. In December 2006, NLEX Corp. entered into a letter agreement with PNCC to set out the detailed procedure for payment.

The PNCC franchise expired in May 2007. However, since payment is a continuing obligation under the ARSA, NLEX Corp. continues to accrue and pay the PNCC entitlement.

In accordance with the TRB directive, 90% of the PNCC fee is to be remitted to the National Treasury through the TRB, while the balance of 10% to PNCC.

As of June 30, 2024 and 2023, the Company recorded PNCC fee amounting to ₱564.6 million and ₱519.2 million, respectively (see Note 18).

NLEX Harbor Link Port Extension to Anda Circle Project

On October 19, 2020, the recommendation of the Department of Public Works and Highways (DPWH) to Toll Regulatory Board (TRB) to implement the proposed Harbor Link Port Extension to Anda Circle Project of the Company has been approved. This project will be within the scope of the existing NLEX concession. The Company has been advised to proceed on the preparation, completion and submission of requirements, documents and processes that are necessary on the implementation of the project.

As at June 30, 2024, the Company is still waiting for the approval of the project's legal framework.

Construction of NLEX Connector Road

On November 5, 2019, the Company awarded an ₱8.0 billion contract to DM Consunji Inc. (DMCI) for the construction of the first section of the Connector Road. The contract covers the main civil works for the Caloocan to España Boulevard section.

On December 1, 2021, the Company awarded a ₱4.2 billion contract to China Road and Bridge Corporation for the construction of the second section of the Connector Road. The contract covers the main civil works for the España Boulevard to Sta. Mesa section.

As at June 30, 2024, the construction of NLEX-SLEX Connector Road Section 1 is 100% complete, while the construction of Section 2 is 87.13% complete.

Candaba Central Infill (3rd Viaduct)
On February 1, 2023, the Company entered into a ₱6.12 billion target cost contract with Leighton Contractors (Asia) Limited for the design and construction of the Candaba 3rd Viaduct Project over a period of 23 months. The project will entail the design and construction of a new five-km viaduct along the Candaba Viaduct. The Project has been approved by the TRB last June 2022 based on the preliminary cost estimate.

In January 2023, after completing the competitive selection of contractor with the most responsive preliminary engineering design (PED) and costing, the Company submitted an updated supplemental project information memorandum to the TRB. This incorporates the actual bid price of the preferred contractor and the corresponding investment recovery scheme in the form of an add-on toll in the closed system of NLEX.

As at June 30, 2024, the construction of Candaba Central Infill (3rd Viaduct) is 78.49% complete.

Toll Collection Interoperability Agreement
On September 15, 2017, NLEX Corp., together with together with San Miguel Holdings Corporation, Private Infra Development Corporation, Citra Metro Manila Tollways Corporation, Skyway O&M Corporation, Citra Central Expressway Corporation, Vertex Tollways Development Incorporation, South Luzon Tollways Corporation, Manila Toll Expressway Systems Incorporated, Star Infrastructure Development Corporation, Star Tollway Corporation, MPTC, CIC, MHI, BCDA, Ayala Corporation, MCX Tollway, Inc., Department of Transportation, DPWH, and Land Transportation Office, has signed the MOA for Toll Collection Interoperability with TRB; whereby the concessionaires or facility operators agreed to timely, smoothly, and fairly implement the interoperability of the electronic toll collection systems and cash payment systems of the covered expressways and of future toll expressways, consistent with and subject to the concessionaires and operators' respective concession agreements, toll operations agreements, and supplemental toll operations agreement, as applicable.

The agreement will be implemented in two phases and to be operationalized within twelve (12) months from signing of the MOA. The first phase covers electronic collection interoperability, while the second phase covers cash collection interoperability. As at June 30, 2024, the implementation is still in progress.

Traffic Management Memorandum of Agreement
On January 18, 2006, NLEX Corp., DPWH and the City of Valenzuela entered into a memorandum of agreement to develop a traffic engineering management plan in coordination and cooperation with other government agencies and local government units and to address traffic build-up and congestion within the Valenzuela interchange. Under the MOA, DPWH shall improve pavements and construct road widening while NLEX Corp and Valenzuela City shall implement measures such as improvement of pedestrian barriers, crossing markings and road signs, deployment of traffic enforcers, clearing of sidewalks.

On July 9, 2019, NLEX Corp. renewed its agreement with the City Government of San Fernando, Pampanga. Under the agreement, both parties shall adopt and execute the agreed traffic management plan to address the traffic situation within the territorial jurisdiction of San Fernando, Pampanga.

On June 29, 2020, NLEX Corp. renewed its memorandum of agreement with City Government of Meycauayan to address the traffic situation within the territorial jurisdiction of Meycauayan City.

On November 23, 2020, the officials of NLEX Corp. and City of Angeles Pampanga entered into a memorandum of agreement to address the traffic situation within the Angeles Interchange. Under the MOA, both parties shall implement measures around the traffic management zone which include the deployment of traffic personnel, improvement of service time at the toll plaza, clearing of sidewalks, and prohibition of illegal parking, loading/unloading and jaywalking affecting the NLEX traffic flow.

23. Financial Assets and Financial Liabilities

Fair values

A comparison of carrying and fair values of all of the Company's financial instruments other than those with carrying amounts that are reasonable approximate of fair values, by category as at June 30, 2024 and December 31, 2023 is as follows:

	June 30, 2024		December 31, 2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Asset				
Financial Assets at FVTPL:				
Unit investment trust fund	**₱2,336,122**	**₱2,336,122**	₱2,288,629	₱2,288,629
	₱2,336,122	**₱2,336,122**	₱2,288,629	₱2,288,629
Financial Liability				
Other financial liability:				
Long-term debt	**₱41,908,936,883**	**₱44,834,566,708**	₱42,528,524,440	₱41,241,623,095
Service concession fee payable	**3,802,960,072**	**1,559,665,369**	3,701,582,561	1,995,769,628
	₱45,711,896,955	**₱46,394,232,077**	₱46,230,107,001	₱43,237,392,723

The management assessed that the fair values of cash and cash equivalents, receivables, restricted cash, accounts payable and other current liabilities, and dividends payable approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Investments in UITFs

Fair value of investments in UITFs is determined based on published net asset value per share (NAVPS). NAVPS is computed as total assets of the fund less total liabilities over the total units outstanding as of the end of the reporting period. The funds are primarily invested in quoted securities in various industries and quoted government securities.

Long-term Debt

For fixed rate peso-denominated notes and loans, except the fixed-rate bonds where the fair value is based on its quoted market price as at March 31, 2024 and December 31, 2023, estimated fair value is based on the discounted value of future cash flows using the prevailing peso interest rates. In 2024 and 2023 the prevailing peso interest rates ranged from 5.83% to 6.44% and 5.12% to 7.22%.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

	June 30, 2024	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value:				
Financial assets at FVTPL:				
UITF	**₱2,336,122**	**₱–**	**₱2,336,122**	**₱–**
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt				
Fixed-rate bonds	**₱10,538,958,103**	**₱10,538,958,103**	**₱–**	**₱–**
Peso-denominated notes and loans	**34,295,608,605**	**–**	**34,295,608,605**	**–**
Service concession fee payable	**1,559,665,369**	**–**	**–**	**1,559,665,369**
	₱46,394,232,077	**₱10,538,958,103**	**₱34,295,608,605**	**₱1,559,665,369**

	2023	Level 1	Level 2	Level 3
Assets Measured at Fair Value				
Financial assets at FVTPL:				
Investments in UITFs	₱2,288,629	₱–	₱2,288,629	₱–
Liabilities for which Fair Values are Disclosed				
Other financial liabilities:				
Long-term debt				
Fixed-rate bonds	₱8,682,053,844	₱8,682,053,844	₱–	₱–
Peso-denominated notes and loans	32,559,569,251	–	32,559,569,251	–
Service concession fees payable	1,995,769,628	–	–	1,995,769,628
	₱43,237,392,723	₱8,682,053,844	₱32,559,569,251	₱1,995,769,628

During the periods ended June 30, 2024 and December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

24. Contingencies and Others

a. VAT

NLEX Corp. received the following VAT assessments from the BIR:

- The BIR issued a Formal Letter of Demand on March 16, 2009 requesting NLEX Corp. to pay deficiency VAT plus penalties amounting to ₱1,010.5 million for taxable year 2006.

- A Final Assessment Notice was received from the BIR dated November 15, 2009 assessing NLEX Corp. deficiency VAT plus penalties amounting to ₱584.6 million for taxable year 2007.

- The BIR issued a Notice of Informal Conference dated October 5, 2009 assessing NLEX Corp. for deficiency VAT plus penalties amounting to ₱470.9 million for taxable year 2008. On May 21, 2010, the BIR issued another notice increasing the deficiency VAT for taxable year 2008 to ₱1,209.2 million (including penalties). On June 11, 2010, NLEX Corp. filed its Position Paper with the BIR reiterating its claim that it is not subject to VAT on toll fees.

- The BIR issued a Notice of Informal Conference on May 21, 2010 assessing NLEX Corp. deficiency VAT plus penalties amounting to ₱1,026.6 million for taxable year 2009. On June 11, 2010, NLEX Corp. filed its Position Paper with the BIR reiterating its claim that it is not subject to VAT on toll fees.

On April 3, 2014, the BIR accepted and approved NLEX Corp.'s application for abatement and issued a Certificate of Approval for the cancellation of the basic output tax, interest and compromise penalty amounting to ₱1,010.5 million and ₱584.6 million for taxable years 2006 and 2007, respectively. As at May 3, 2023, the VAT assessments for taxable years 2008 and 2009 remain pending with the BIR and there were no abatements made for these assessments.

Notwithstanding the foregoing, management believes, in consultation with its legal counsel, that in any event, the STOA amongst NLEX Corp., ROP, acting by and through the TRB, and PNCC, provides NLEX Corp. with legal recourse in order to protect its lawful interests in case there is a change in existing laws which makes the performance by NLEX Corp. of its obligations materially more expensive.

As at June 30, 2024, the VAT assessments for taxable years 2008 and 2009 remain pending with the BIR and there were no abatements made for these assessments.

b. RPT

In July 2008 and April 2013, NLEX Corp. filed Petitions for Review under Section 226 of the Local Government Code with the Local Board of Assessment Appeals (LBAA) of the Province of Bulacan seeking to declare as null and void tax declarations issued by the Provincial Assessor of the Province of Bulacan. The said tax declarations were issued in the name of NLEX Corp. as owner/ administrator/ beneficial user of the NLEX and categorized the NLEX as a commercial property subject to RPT. NLEX Corp. argues that NLEX is property of the public dominion and exempt from RPT. The cases are pending as at June 30, 2024.

In September 2013, NLEX Corp. received notices of realty tax delinquencies for the years 2006 to 2012 and 2013 issued by the Provincial Treasurer of Bulacan stating that if NLEX Corp. fails to pay or remit the alleged delinquent taxes, the remedies provided for under the law for the collection of delinquent taxes shall be applied to enforce collection. In September 27, 2013, the Bureau of Local Government Finance of the Department of Finance (DOF-BLGF) wrote a letter to the Province of Bulacan advising it to hold in abeyance any further course of action pertaining to the alleged real property tax delinquency. In October 2013, the Provincial Treasurer of Bulacan has respected the directive from the DOF-BLGF to hold the enforcement of any collection remedies in abeyance. In January 2017, the Provincial Treasurer of Bulacan issued a notice of realty tax delinquencies for the years 2006 to 2017 stating that it could apply the remedies provided under the law for the collection of delinquent taxes. The matter is pending as at June 30, 2024.

In December 2023 and January 2024, NLEX Corp. received notices of tax assessment with tax declarations for the year 2023 and 2024 issued by the Municipal Assessor Office of the Municipality of Guiguinto, Bulacan for the properties located in Municipality of Guiguinto Bulacan. On January 31, 2024, NLEX Corp. filed with LBAA, Province of Bulacan a Petition for Annulment of Assessment of Real Properties. On February 12, 2024, the Respondents filed its Opposition to NLEX Corp.'s Petition. The LBAA rules provides for the suppletory application of the Rules of Court. Thus, NLEX Corp. need not to file a reply as Respondent's allegations are deemed controverted. The matter is pending as at June 30, 2024.

The outcome of the claims on RPT cannot be presently determined. Management believes that these claims will not have a significant impact on NLEX Corp.'s consolidated financial statements. Management and its legal counsel also believe that the STOA also provides NLEX Corp. with legal recourse in order to protect its lawful interests in case there is a change in existing laws which makes the performance by NLEX Corp. of its obligations materially more expensive.

c. Toll Rate Adjustments

NLEX Toll Rate Adjustments

NLEX Corp. as petitioner-applicant, filed Petitions for Approval of Periodic Toll Rate Adjustment with the TRB praying for the adjustment of the toll rate for the NLEX effective January 1, 2019 and January 1, 2021, (the "2018 and 2020 NLEX Petitions"), and January 1, 2023 (the "2022 NLEX Petition").

Petition	Date Filed	Effectivity
2018 Petition	September 2018	January 1, 2019
2020 Petition	September 2020	January 1, 2021
2022 Petition	September 2022	January 1, 2023

2018 and 2020 Petitions. On April 17, 2023, NLEX Corp received a Consolidated Resolution dated February 16, 2023, issued by the TRB which approved and allowed NLEX Corp. to implement the provisional toll rate adjustments in the 2018 and 2020 Petitions on a staggered basis, equally distributed in two tranches for the years 2023 and 2024, not earlier than April 1, 2023. On May 25, 2023, the TRB issued a Notice to Start Collection of the first tranche effective immediately. On June 15, 2023, NLEX Corp. implemented the first tranche of the periodic toll rate adjustments. On May 14, 2024, the TRB issued a Notice to Start Collection of the second tranche. On June 4, 2024, NLEX Corp. implemented the second and last tranche of the periodic toll rate adjustments.

2022 Petition. On September 20, 2022, NLEX Corp. filed a Petition for Periodic Toll Rate Adjustment effective 2023 ("2022 NLEX Petition"). NLEX Corp. has yet to receive regulatory approval for this Petition.

Segment 10 Add-on Toll Rate Petition.

On January 22, 2019, NLEX Corp. as petitioner-applicant, filed a Petition for Implementation of Approved Adjustment to Authorized Toll Rates with Application for Provisional Relief with the TRB praying for the adjustment of the toll rate for the NLEX Open System effective February 15, 2019 upon completion of the NLEX Harbor Link Project (NLEX Segments 9 and 10). On March 5, 2019, the TRB issued a letter to NLEX Corp. stating that the TRB (a) conditionally approved the subject petition and granted NLEX Corp. provisional authority to collect the add-on tolls for the open system of the NLEX and (b) allowing the implementation of the new authorized toll price for the NLEX (the "Integrated Toll Fee Matrix") attached to the letter. The Integrated Toll Fee Matrix includes both: (a) the first tranche of the approved adjusted toll rates in the 2012 Petition and 2014 Petition stated in the TRB's Consolidated Resolution dated October 2018; and (b) the provisionally approved add-on toll rates in the Segment 10 Add-on Toll Rate Petition. On March 20, 2019, the TRB issued a Notice to Start Collection effective March 21, 2019.

C3-R10 Add-on Toll Rate Petition

On June 6, 2020, NLEX Corp. as petitioner-applicant, filed an Amended Petition for Implementation of Approved Adjustment to Authorized Toll Rates with Application for Provisional Relief with the TRB praying for the adjustment of the toll rate for the substantially completed Segment 10: C3-R10 Section. On August 5, 2020, the TRB issued a resolution which provisionally approved and allowed NLEX Corp. to implement the add-on toll for the open system subject of the petition. On November 20, 2020, the TRB issued a notice to start collection effective November 23, 2020.

NLEX Lane Widening Phase 2 Add-on Toll Rate Petition

On February 18, 2021, NLEX Corp. as petitioner-applicant, filed a Petition for Implementation of Adjustment to Authorized Toll Rates with Application for Provisional Relief with the TRB praying for the adjustment of the toll rate for the substantially completed expansion of NLEX Segment 7 ("SFEX") and San Fernando Interchange. On October 21, 2021, the TRB issued a Notice to Start Collection of the provisional add-on toll for the Closed System effective immediately. On May 12, 2022, NLEX implemented the add-on toll rate adjustment.

SCTEX Toll Rate Adjustments

NLEX Corp. as petitioner- applicant filed a Petition for Approval of Periodic Toll Rate Adjustment with the TRB praying for the adjustment of the toll rate for the SCTEX effective January 1, 2021 and January 1, 2023 (the "2020 & 2022 SCTEX Petitions"), and January 1, 2024 (the "2023 SCTEX Petition").

Petition	Date Filed	Effectivity
2020 SCTEX Petition	September 2020	January 1, 2021
2022 SCTEX Petition	September 2022	January 1, 2023
2023 SCTEX Petition	September 2023	January 1, 2024

2020 and 2022 SCTEX Petitions. On July 5, 2023, NLEX Corp. received a Consolidated Resolution dated April 24, 2023, issued by the TRB which approved and allowed NLEX Corp. to implement the provisional toll rate adjustments in the 2020 and 2022 SCTEX Petitions on a staggered basis, in three (3) tranches, equally distributed for the years 2023, 2024 and 2025, not earlier than 01 July 2023. On August 15, 2023, the TRB issued a Notice to Start Collection of the first tranche. On October 17, 2023, NLEX Corp. implemented the first tranche of the periodic toll rate adjustments.

2023 SCTEX Petition. On September 29, 2023, NLEX Corp. filed a Petition for Periodic Toll Rate Adjustment effective 2024 ("2023 SCTEX Petition"). NLEX Corp. has yet to receive regulatory approval for this Petition.

NLEX-SLEX Connector Road Project Petition

On March 9, 2023, NLEX Corp. filed a Petition for the implementation of the Fractional Initial Base Toll (for Section 1) of the NLEX – SLEX Connector Road Project with application for provisional Relief with the TRB ("Connector Petition"). On July 3, 2023, NLEX received the TRB Notice to Start Collection for the provisional Fractional Opening Base Toll Rate for Section 1 of the NLEX – SLEX Connector Road Project which shall take effect immediately. On August 8, 2023, NLEX Corp implemented the provisional Fractional Initial Toll for Section 1 of the NLEX – SLEX Connector Road Project.

On November 6, 2023, NLEX Corp. filed a Supplemental Petition for Implementation of the Updated Fractional Initial Base Toll for Section 1 and the Commercially Operable Portion of Section 2 of the NLEX- SLEX Connector Road Project. On July 26, 2024, the TRB issued a Notice to Start Collection of the updated fractional initial base toll rate.

d. Garlitos, Jr. vs. Bases Conversion and Development Authority, NLEX Corporation and the Executive Secretary, SC (G.R. No. 217001)

Atty. Onofre G. Garlitos, Jr. filed with the SC a Petition for Prohibition and Mandamus with Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction dated March 17, 2015 (Petition) against the BCDA, NLEX Corp., and the Executive Secretary. The Petition prays that (a) a writ of preliminary mandatory and prohibitory injunction be issued enjoining the BCDA, NLEX Corp., and Executive Secretary from proceeding with the SCTEX project and compelling the BCDA to rebid the SCTEX operation and maintenance project, and (b) an order be issued (i) annulling the bidding procedure, direct negotiations, and the Price Challenge conducted by the BCDA, and the Concession Agreement, Business and Operating Agreement, and all subsequent amendments and modifications thereto and (ii) compelling the BCDA to rebid the operation and maintenance of the SCTEX.

NLEX Corp filed its comment praying that the Petition be denied. The BCDA, through the Office of the Government Corporate Counsel, and the Executive Secretary, through the OSG, also filed their respective Comment praying that the Petition be denied due course and dismissed for lack of merit. In November and December 2015, the petitioner filed a Manifestation and Motion to Resolve Prayer for TRO and/ or Writ of Preliminary Injunction. On July 4, 2016, the Supreme Court issued a Resolution noting the Manifestations of the petitioner. In February

2020, the Supreme Court issued a Notice that petitioner's counsel had failed to pay the P1,000 fine due to his failure to comply with a show cause resolution for non-filing of a consolidated reply to the separate comments of the Executive Secretary and BCDA. In July 2020, the Supreme Court issued another Notice for the petitioner's counsel to pay an increased fine of P2,000 and to comply with the resolution to file a consolidated reply to the separate comments of the Executive Secretary and BCDA. On October 28, 2020, NLEX Corp's counsel received from BCDA's counsel a Motion for Leave to File Manifestation with Motion for Submission for Resolution dated October 1, 2020. In a Resolution dated January 27, 2021, the Supreme Court noted the notice of withdrawal of petitioner's counsel. In a Resolution dated March 28, 2022, the Supreme Court (a) imposed upon petitioner's (withdrawing) counsel an additional fine which, together with the original fine, shall be paid to the Supreme Court and (b) ordered petitioner's (withdrawing) counsel to submit a consolidated reply to the separate comments of the Executive Secretary and BCDA. The case is still pending as of June 30, 2024.

e. NLEX Corp. is also a party to other cases and claims arising from the ordinary course of business filed by third parties which are either pending decisions by the courts or are subject to settlement agreements. The outcome of these claims cannot be presently determined. In the opinion of management and the Company's legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material adverse effect on the Company's financial position and financial performance.

25. Operating Segment Information

The Company has only one operating segment which is the tollways business. The Company's results of operations are reviewed by the chief operating decision maker to make decisions and to assess Company performance, and for which discrete financial information is available.

The Company's performance is evaluated based on net income for the year; earnings before interest, taxes and depreciation and amortization (EBITDA); EBITDA margin; core income; and core income margin. Net income for the year is measured consistent with the net income in the financial statements.

EBITDA is measured as net income excluding amortization of service concession asset and other intangible assets, depreciation of property and equipment, provision for heavy maintenance and other provisions, asset impairment on noncurrent assets, interest expense and other finance costs, interest income, net foreign exchange gain (loss), gain (loss) on derivative financial instruments, provision for (benefit from) income tax and other nonrecurring income and expenses. Nonrecurring items represent income and expenses that, through occurrence or size, are not considered usual operating items. EBITDA margin pertains to EBITDA divided by net toll revenues.

Core income for the year is measured as net income, excluding adjustments on net foreign exchange gain (loss), gain (loss) on derivative financial instruments, gain (loss) on prepayment or extinguishment of debt, asset impairment on noncurrent assets, net of tax effects of afore-mentioned adjustments and other nonrecurring income and expenses, as defined under the Company's policy. Core income margin pertains to core income divided by net toll revenues. Net income margin pertains to net income divided by net toll revenues.

The revenues, net income, assets, liabilities, and other information of the Company's operations as at and for the period ended June 30, 2024 and 2023 are as follows:

	2024	2023
Net toll revenues	**₱12,307,679,065**	₱10,293,657,309
Other income	**196,592,114**	181,298,796
Total revenues	**12,504,271,179**	10,474,956,105
Operating and maintenance costs	**(3,293,788,741)**	(2,872,494,825)
Operating expenses	**(634,205,930)**	(593,929,416)
EBITDA	**8,576,276,508**	7,008,531,864
Financing costs	**(573,064,055)**	(506,522,456)
Core income before depreciation, amortization and provisions	**8,003,212,453**	6,502,009,408
Depreciation, amortization and provisions*	**(1,238,627,464)**	(904,980,363)
Core income before tax	**6,787,324,482**	5,597,029,045
Provision for income tax	**(1,191,885,149)**	(999,109,168)
Core income after tax	**5,595,439,333**	4,597,919,877
Nonrecurring items	**(706,493)**	(83,884,221)
Net income	**₱5,594,732,840**	₱4,514,035,656
EBITDA margin for the year	**70%**	68%
Core income margin for the year	**55%**	54%
Net income margin for the year	**45%**	43%
Total assets	**₱89,648,222,945**	₱86,712,171,437
Total liabilities	**56,965,107,948**	58,569,789,280
Total equity	**32,683,114,007**	28,142,382,157

	2024	2023
Other disclosures:		
Capital expenditure (consists of additions to service concession asset, property and equipment, investment properties and other intangible assets)	**₱4,607,753,462**	₱2,627,789,277

** Excludes provision for current and deferred taxes.*

The following table shows the reconciliation of EBITDA to net income for the period ended June 30, 2024 and 2023.

	2024	2023
EBITDA	**₱8,576,276,508**	₱7,008,531,864
Interest expense and other finance costs (see Note 21)	**(608,347,998)**	(581,062,336)
Amortization of service concession asset (see Note 7)	**(819,606,189)**	(690,097,736)
Interest income (see Note 20)	**35,283,943**	74,539,880
Provision for heavy maintenance (see Note 19)	**(354,522,237)**	(161,832,435)
Depreciation of property and equipment (see Note 8)	**(41,759,544)**	(53,050,192)
Nonrecurring items:		
Provisions (see Note 12)	**(1,824,446)**	(85,400,158)
Foreign exchange gain (loss) – net	**1,117,953**	1,515,937
Income before income tax	**6,786,617,990**	5,513,144,824
Provision for income tax:		
Current	**1,250,539,578**	1,025,945,672
Deferred	**(58,654,429)**	(26,836,504)
	1,191,885,149	999,109,168
Net income for the year	**₱5,594,732,840**	₱4,514,035,656

The following table shows the reconciliation of the core income to the net income for the period ended June 30, 2024 and 2023.

	2024	2023
Core income for the year	**₱5,595,439,333**	₱4,597,919,877
Provisions (see Note 12)	**(1,824,446)**	(85,400,158)
Foreign exchange gain (loss) - net	**1,117,953**	1,515,937
Net income for the year	**₱5,594,732,840**	₱4,514,035,656

26. Goodwill

Impairment Testing of Goodwill

In assessing the impairment for goodwill, the Company compares the carrying amounts of the underlying assets against their recoverable amounts (the higher of the assets' fair value less costs of disposal and their value in use (VIU)).

The pre-tax discount rates of 14.9% and 13.4% applied to cash flow projections reflects the weighted average cost of capital as at December 31, 2023 and 2022, respectively. In the assessment of the recoverable amounts, the VIUs were calculated based on cash flow projections as per the most recent financial budgets and forecasts, which represent management's reasonable and best estimates of the ranges of economic conditions that will exist over the forecast period. The average forecast period used in the computation is 14 years and 15 years for 2023 and 2022, respectively. The forecasted period is more than 5 years as management can reliably estimate the cash flows for their entire concession period. The cash flows during the projection periods are derived using estimated average growth rates of traffic volume. Assumptions used in 2023 for traffic volume growth is at 7.4% average growth rate of daily vehicle traffic for NLEX open system, and 6.2% and 9.7% average growth rate of daily vehicle traffic for NLEX and SCTEX closed system, respectively. Assumptions used in 2022 for traffic volume growth is at 2.7% average growth rate of daily vehicle traffic for NLEX open system, and 3.8% and 7.8% average growth rate of daily vehicle traffic for NLEX and SCTEX closed system, respectively. Based on the impairment test, management did not identify an impairment loss for goodwill. Management also believes that no reasonably possible change in any of the key assumptions used would cause the carrying value of goodwill to materially exceed its recoverable amount.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited interim financial statements.

This discussion may contain forward-looking statements that reflect our current views with respect to future events and our future financial performance. These statements involve risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements

For the Six-Month Period ended June 30, 2024

Financial Highlights and Key Performance Indicators:

Statement of Income Data

In PhP, Millions	30-Jun-24	30-Jun-23	Increase (Decrease)	
	(unaudited)	(unaudited)	Amount	%
Operating revenue	**₱12,382**	₱10,359	₱2,023	20
Cost of services	**(4,493)**	(3,771)	722	19
General and administrative expenses	**(653)**	(687)	(34)	(5)
Interest expense and other financing costs, net of interest income of ₱42 million in 2024 and ₱92 million in 2023	**(566)**	(489)	77	16
Foreign exchange gain (loss) – net	**1**	2	(1)	(50)
Other income	**123**	116	7	6
Provision for income tax	**(1,198)**	(1,016)	182	18
Net income	**₱5,595**	₱4,514	₱1,081	24
Net income margin	**45%**	44%		

Statement of Financial Position

In PhP, Millions	30-Jun-24	31-Dec-23	Increase (Decrease)	
	Unaudited	(Audited)	Amount	%
Balance Sheet Data:				
Total assets	₱89,648	₱86,712	₱2,936	3
Total liabilities	56,965	58,570	(1,605)	(3)
Total equity	32,683	28,142	4,541	16

Result of Operation

NLEX Corporation recorded revenues amounting to ₱12.4 billion for the six-month period, 20% higher than the same period in 2023 due to increase in traffic, toll rate adjustments, and the added revenue stream from the newly-opened NLEX-SLEX Connector Road. Net income for the period ending June 30, 2024 amounted to ₱5.6 billion, 24% higher than the same period last year.

The table below shows the consolidated revenues, expenses, and net income of the Company for the period ended June 30, 2024 and 2023.

Statement of Income Data

In PhP, Millions	30-Jun-24	30-Jun-23	Increase (Decrease)	
	(unaudited)	(unaudited)	Amount	%
Operating revenue	**₱12,382**	₱10,359	₱2,023	20
Cost of services	**(4,493)**	(3,771)	722	19
General and administrative expenses	**(653)**	(687)	(34)	(5)
Interest expense and other financing costs, net of interest income of ₱92 million in 2024 and ₱92 million in 2023	**(566)**	(489)	77	16
Foreign exchange loss-net	**1**	2	(1)	(50)
Other income	**123**	116	7	6
Provision for income tax	**(1,198)**	(1,016)	182	18
Net income	**₱5,595**	₱4,514	₱1,081	24
Net income margin	**45%**	44%		

June 30, 2024 Compared to June 30, 2023

Revenues

In PhP, Millions	30-Jun-24		30-Jun-23		Increase (Decrease)	
	(unaudited)		(unaudited)			
	Amount	%	Amount	%	Amount	%
Toll Revenues	₱12,308	99	₱10,294	99	₱2,014	20
Non-toll Revenues	74	1	65	1	9	14
Total Revenues	**₱12,382**	**100**	**₱10,359**	**100**	₱2,023	**20**

The Company's operating revenues are mainly from toll fees collected in NLEX, SCTEX, and the NLEX-SLEX Connector Road which, on the aggregate, accounted for 99% of total revenues for the first half of the year. Non-toll revenues, which consist of fees collected from toll service facilities as well as utility companies using NLEX right of way, accounted for 1% of the total revenues for the period.

For the first half of 2024, toll revenues reached ₱12.3 billion, higher by 20% or ₱2.0 billion from ₱10.4 billion posted during the first half of 2023. All vehicle classes registered double digit growth with Class 1 revenues growing by 18%, Class 2 by 23%, and Class 3 by 21%.

As of June 30, 2024, average daily traffic for the NLEX reached 336,993 daily vehicle entries, higher than 2023 figures by 4%, while average daily traffic in SCTEX reached 81,618 daily vehicle entries or 1% above last year's figures covering the same six-month period. The NLEX-SLEX Connector Road, which is still in the ramp-up stage since the start of toll operations last August 2023, posted a 43% growth rate in average daily traffic for the six-month period compared to the 5-month average in 2023.

Cost of Services

For the six-month period ending June 30, 2024, total cost of services amounted to ₱4.5 billion, higher by 19% or ₱722 million versus ₱3.8 billion recorded during the same period last year. Revenue share paid to Government partners and asset amortization costs comprised 57% of the total cost of services. The table below shows the details for the period ended June 30, 2024 and 2023:

In PhP, Millions	30-Jun-24		30-Jun-23		Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
BCDA fee	₱1,161	26	₱999	26	₱162	16
Amortization of service concession assets	820	18	690	18	130	19
Outside services	579	13	531	14	48	9
PNCC fee	565	13	519	14	46	9
Salaries and employee benefits	405	9	408	11	(3)	(1)
Provision for heavy maintenance	355	8	162	4	193	119
Repairs and maintenance	257	6	146	4	111	76
Insurance	79	2	71	2	8	11
Light & Water	61	1	64	2	(3)	(5)
Fuel & Oil	49	1	55	1	(6)	(11)
Depreciation	25	0	31	1	(6)	(19)
Toll collection and medical services	11	0	8	0	3	38
Others	126	3	87	3	39	45
Total cost of services	**₱4,493**	**100**	**₱3,771**	**100**	**₱722**	**19**

BCDA fee of ₱1,161 million pertains to 50% share in toll revenues generated from the Company's management, operation and maintenance of SCTEX. The BCDA share increased by 16% versus the same period in 2023, driven by higher toll revenues in the SCTEX. On the other hand, PNCC fee consists of the Government share in NLEX revenues, of which 90% is remitted directly to the National Government and the balance of 10% to PNCC. PNCC fee increased by 9% from ₱519 million during the same period in 2023 to ₱565 million in 2024.

General and Administrative Expenses

As of June 30, 2024, general and administrative expenses amounted to ₱653 million, ₱34 million or 5% lower than the ₱687 million incurred during the same period last year due to the decrease in advertising and marketing expenses and salaries and employee benefits. Details are shown on the table below:

In Php millions	30-Jun-24		30-Jun-23		Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
Salaries and Employee benefits	₱205	31	₱248	36	(₱43)	(17)
Taxes and Licenses	146	22	131	19	15	11
Professional fees	74	11	76	11	(2)	(3)
Outside services	61	9	48	7	13	27
Representation and travel	50	8	19	3	31	163
Advertising and marketing expenses	43	7	86	13	(43)	(50)
Provisions	19	3	7	1	12	171

Depreciation	17	3	17	2	0	0
Management fees	15	2	15	2	0	0
Others	23	4	40	6	(17)	(43)
Total	**₱653**	**100**	**₱687**	**100**	**(₱34)**	**(5)**

Interest and Financing Costs

Net financing costs for the six-month ended June 30, 2024 amounted to ₱567 million, higher by 16% or ₱79 million versus the same period last year mainly due to additional loans drawn during the period.

Net borrowing costs capitalized amounted to ₱680.1 million as of June 30, 2024 (Note 7).

In PhP, Millions	30-Jun-24		30-Jun-23		Increase / (Decrease)	
	Amount	%	Amount	%	Amount	%
Interest and financing costs:						
Interest expense	₱581	96	₱563	97	₱18	3
Amortization of debt issue costs	23	4	8	1	15	188
Lenders' fees and bank charges	4	0	10	2	(6)	(60)
Total interest & financing costs	**608**	**100**	**581**	**100**	**27**	**5**
Interest Income:						
Cash and cash equivalents	42	100	93	100	(51)	(55)
Others	0	0	0	0	0	0
Total interest income	**42**	**100**	**93**	**100**	**(51)**	**(55)**
Net Financing costs	**₱566**		**₱488**		₱79	**16**

Net Income

Net Income for the six months of 2024 reached ₱5.6 billion, 24% higher than last year, on the back of stronger revenues and prudent cost management measures.

Balance Sheet

In PhP, Millions	30-Jun-24	31-Dec-23	Increase (Decrease)	
	Unaudited	(Audited)	Amount	%
Balance Sheet Data:				
Total assets	₱89,648	₱86,712	₱2,936	3
Total liabilities	56,965	58,570	(1,605)	(3)
Total equity	32,683	28,142	4,541	16

June 30, 2024 Compared to December 31, 2023

Assets

Total assets as at June 30, 2024, stood at ₱89.6 billion, higher than the December 31, 2023 figures by 3% or ₱2.9 billion. Asset growth was driven by the continuing investment in service concession assets, namely: the Candaba 3rd Viaduct Project and the tail-end of Section 2 of the NLEX-SLEX Connector Road Project.

Liabilities and Stockholder's Equity

Total liabilities as at June 30, 2024 amounted to ₱57.0 billion, lower by ₱1.6 billion from ₱58.6 billion balance in December 31, 2023. The reduction was mainly due to repayment of maturing loans, payment to contractors and other current liabilities.

Stockholders' equity reached ₱32.7 billion, up by 16% or ₱4.5 billion coming from retained earnings generated during the six-month period.

Key Financial Indicators

The following table shows the Company's relevant financial ratios:

		30-Jun-24	31-Dec-23
Current ratio	Current Assets / Current liabilities	0.39	0.35
Debt-to-equity (DE) ratio	Interest bearing liabilities / Stockholders' equity	1.43	1.51
Net profit margin	Net Income / Revenues	45%	46%
Return on assets	Net income* / Average total assets	13%	12%
Return on stockholders' equity	Net income* / Average stockholders' equity	37%	37%

**annualized*

Current ratio stood at 0.39 times as June 30, 2024, from 0.35 times as at end of 2023. The Company has adequate sources of liquidity including daily cash flows from operations and available short-term lines amounting to ₱15.2 billion as of June 2024.

Debt-to-Equity Ratio as of end-June 2024 resulted to 1.43 times, down from 1.51 times as of end-December 2023 due to the increase in net income during the period.

As of June 30, 2024, net profit margin slightly went down to 45%, from 46% for the year ending December 31, 2023, due to the impact of inflation and higher financing costs. Compared to the same six-month period in 2023, however, the net profit margin was higher by 1%.

Return on assets increased to 13% due to the higher annualized net income. Meanwhile, return on stockholders' equity was maintained at 37%.

Cash Flows

The table below summarizes the Company's comparative cash flows as of June 30, 2024, and 2023.

Cash Flows	30-Jun-24	30-Jun-23
	(in ₱ Millions)	
Cash and cash equivalents, beginning balance	₱4,048	₱5,404
Net cash provided by operating activities	6,462	5,143
Net cash used in investing activities	(4,541)	(5,056)
Net cash provided by financing activities	(3,409)	(376)
Net increase (decrease) in cash	(1,488)	(289)
Cash and cash equivalents, ending balance	₱2,560	₱5,115

Cash Flows from Operating Activities

Net cash provided by operating activities during the six-month period ending June 30, 2024 reached ₱6.5 billion, higher by ₱1.3 billion than the same period in 2023 due to higher toll revenues.

Cash Flows from Investing Activities

For the period, net cash used in investing activities amounted to ₱4.5 billion, lower by ₱0.5 billion as the NLEX-SLEX Connector Road Project reached substantial completion towards the end of the second quarter. The main investing activity for the period was the construction of Candaba 3rd Viaduct.

Cash Flows from Financing Activities

Net cash flows used in financing activities amounted to ₱3.4 billion, mainly driven by the spike in loan maturities amounting to ₱5.8 billion during the period.

Other Financial Information

(i) Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

Any future quarantine measures that can be implemented by government that severely limit the mobility of people, goods and services may have a material impact on the issuer's liquidity. Thus, the Company maintains adequate short-term credit lines to cover any liquidity requirements.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

The registrant's concession agreements include standard provisions relating to events of default. Any breach of the loan covenants or material adverse change may result in an event of default.

(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company has no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described.

The company has no new material commitments for capital expenditures during the 1st half of 2024 aside from the ongoing construction of the NLEX Connector Road Project and Candaba 3rd Viaduct Project.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations.

a. Tariff Increase – The uncertainty in regulatory approval of petitions for toll rate adjustments could temper the growth in net revenues of the Company moving forward.
b. Higher Fuel Prices – Vehicle operating costs normally go higher with the increase in fuel prices, thereby decreasing the demand for travel. Uncertainties in the movement of crude prices in the world market could affect the expected traffic volume growth.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations.

During the period, there were no significant elements of income or loss that arose from transactions outside the registrant's continuing operations.

PART II-- OTHER INFORMATION

List of Disclosures Not Made Under SEC Form 17-C

The Company has disclosed all reportable events under SEC Form 17-C.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on August 14, 2024.

By:

Maria Theresa O. Wells
Chief Finance Officer