SAFEGUARDING CREDITORS' RIGHTS

The Company seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations.

A significant part of the Company's financial assets that are held to meet the cash outflows include cash equivalents and accounts receivables. Although accounts receivables are contractually collectible on a short-term basis, the Company expects continuous cash inflows. In addition, although the Company's short-term deposits are collectible at a short notice, the deposit base is stable over the long term as deposit rollovers and new deposits can offset cash outflows.

Moreover, the Company considers the following as mitigating factors for liquidity risk:

- It has available lines of credit that it can access to answer anticipated shortfall in sales and collection of receivables resulting from timing differences in programmed inflows and outflows.
- It has very diverse funding sources.
- It has internal control processes and contingency plans for managing liquidity risk. Cash flow reports and forecasts are reviewed on a weekly basis in order to quickly address liquidity concerns. Outstanding trade receivables are closely monitored to avoid past due collectibles.
- The Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both on-shore and off-shore which is included in the Company's corporate planning for liquidity management.

Loan or bonded agreements, terms and conditions contain covenants, undertakings, representations and warranties, and events of default that safeguards the position of creditors. These are also disclosed in the financial statements in accordance with generally accepted accounting principles in the Philippines.

Company’s capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements.

It is the Company’s policy to disclose information on whether it has complied with the loan covenants it has entered into with its lenders and all collaterals and guarantees of the loans. Such information is part of the audited financial statements attested by an independent external auditor.

The Company regularly monitors and discloses in its annual and quarterly reports the relevant financial ratios that report the soundness of the Company’s ability to service its debt and maintain a healthy financial position. The ratios which the Company monitors closely include among others, current ratio, debt to equity ratio and interest coverage ratio.