



Euro-Med Laboratories Phil., Inc.

17 January 2008

PHILIPPINE STOCK EXCHANGE

Listing and Disclosure Group
4th Floor, PSE Center
Exchange Road
Ortigas Center, Pasig City
Fax No. 636-0809

Attention : **Atty. Pete M. Malabanan**
Head, Disclosure Group

Subject : **Amendment of Manual on Corporate Governance**

Madam:

Please be informed that the Board of Directors in their meeting yesterday, 16 January 2008, approved the amendments to the Corporation's Manual on Corporate Governance specifically to include the requirement for the directors to attend a corporate governance seminar.

We are herewith submitting a copy of the Amended Manual on Corporate Governance duly signed by the Chairman of the Board.

We trust that we have duly complied with the provisions of the Code of Corporate Governance.

Very truly yours,


JANICE R. ONG
Corporate Secretary

AMENDED MANUAL ON CORPORATE GOVERNANCE EURO-MED LABORATORIES PHIL., INC.

The Board of Directors and Management, (including the officers and staff) of Euro-Med Laboratories Phil., Inc. hereby commit themselves to the principles and best practices contained in this Manual, and acknowledge that the same may guide the attainment of our corporate goals.

1. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

2. COMPLIANCE SYSTEM

2.1 Board of Directors

The Board of Directors shall be primarily responsible for ensuring compliance by the Corporation with the principles of good corporate governance enunciated in this Manual.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

2.1.1 General Responsibility

A director's office is one of trust and confidence. He or she shall act in a manner characterized by transparency, accountability and fairness.

2.1.2 Specific Duties and Functions

To insure a high standard of best practice for the Corporation and its stakeholders, the Board shall:

- Install a process of selection to ensure a mix of competent directors and officers.
- Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives.
- Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices;
- Adopt and formulate a clear policy on communicating or relating with all the shareholders of the Corporation, and not only its major stockholders, through an effective investor relations program;
- Adopt a system of internal checks and balances;

- Identify key risk areas and key performance indicators and monitor these factors with due diligence;
- Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly minuted; and
- Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

2.1.3 Duties and Responsibilities of a Director

- A director shall have the following duties and responsibilities:
- To conduct fair business transactions with the Corporation and to ensure that personal interest does not bias Board decisions;
- To devote time and attention necessary to properly discharge his or her duties and responsibilities;
- To act judiciously;
- To exercise independent judgment;
- To have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies.
- To observe confidentiality;
- To ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment.
- *It shall be incumbent upon a director to familiarize himself with the principles of corporate governance by attending a seminar to be conducted by a duly recognized private or government institution, and to apprise himself of all updates thereon, if any.*

2.1.4 Qualifications of a Director

No person shall be elected director of the Corporation unless he/she shall qualify in accordance with the following conditions and shall have none of the disqualifications stated hereunder:

- Holder of at least one (1) share of stock of the Corporation;
- He or she shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- He or she shall be at least twenty one (21) years old;
- He or she shall have proven to possess integrity and probity; and
- He or she shall be assiduous

Disqualifications

- Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission, or any rule, regulation or order of the Commission;
- Any person judicially declared to be insolvent;
- Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his or her election or appointment.

2.2 Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute the Audit Committee to be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment.

2.2.1 Duties and Responsibilities

- Check all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements.
- Perform oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management.
- Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit.
- Perform direct interface functions with the internal and external auditors.
- Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the company through a step-by-step procedures and policies handbook that will be used by the entire organization.

2.3 The Corporate Secretary

2.3.1 The Corporate Secretary is an officer of the Corporation. His or her loyalty to the mission, vision and specific business objectives of the corporate entity come with his or her duties.

2.3.2 The Corporate Secretary shall be a Filipino citizen.

2.3.3 Considering his or her varied functions and duties, he or she must possess administrative and interpersonal skills, and if he or she is not the general counsel, then he or she must have some legal skills. He or she must also have some financial and accounting skills.

2.3.4 Duties and Responsibilities

- Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
- As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
- Assist the Board members in making business judgment in good faith and in the performance of their responsibilities and obligations.
- Attend all Board meetings and maintain record of the same.
- Submit to the Commission, at the end of every fiscal year, an annual certification as to the attendance of the directors during Board meetings.

2.4 External Auditor

2.4.1 The External Auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation. The External Auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

2.4.2 The reason/s for the resignation, dismissal or cessation from service and the date thereof of the External Auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former External Auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

2.4.3 The External Auditor of the Corporation shall not at the same time provide the services of an internal auditor to the said Corporation. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the External Auditor.

2.4.4 The Corporation's External Auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

2.4.5 If the External Auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he or she shall present his views in said reports.

2.5 Internal Auditor

2.5.1 The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

2.5.2 The Internal Auditor shall report to the Audit Committee.

