FAR EASTERN UNIVERSITY

P.O. BOX 609 MANILA, PHILIPPINES

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17 - A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE

1. For the fiscal year ended **March 31, 2015**

2. SEC Identification Number **538**

3. BIR Tax Identification No. **000-225-442**

4. Exact name of registrant as specified in its charter **Far Eastern University**, **Inc.**

5. PHILIPPINES
Province, Country or other jurisdiction of incorporation or organization

6. ______________
/ / (SEC use only)
/______________ /
Industry Classification Code:

7. **Nicanor Reyes Street, Sampaloc, Manila** **1015**
Address of principal office Postal Code

8. **(632) 735-56-21**
Issuer's telephone number including area code

9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱100.00 par value	**16,477,023**
Bond with Non-Detachable Warrant, ₱1.00 per unit	**Not Applicable**

11. All securities (common shares) are listed with the Philippine Stock Exchange, Inc.

12. Check whether the registrant:

    (a) has filed reports required to be filed by Section I7 of the SRC and SRC Rule 17 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

    Yes **[x]** No [ ]

13. The aggregate market value of the voting stock held by non-affiliates: **None**

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<u>Item 1. Business</u>

Far Eastern University, Inc. ("FEU or the "Corporation) was incorporated in **<u>1933</u>**.

<u>Brief Discussion of Business</u>

Far Eastern University, Inc. founded in 1928, is a private non-sectarian institution of learning. Guided by the core values of Fortitude, Excellence and Uprightness, FEU aims to be a university of choice in Asia. Committed to the highest intellectual, moral and cultural standards, FEU strives to produce principled and competent graduates. It nurtures a service-oriented and environment-conscious community which seeks to contribute to the advancement of the global society. Tuition and other fees which are the main sources of its financial stability are moderate, subject to government regulation. The University also provides full and partial scholarships to deserving students. An FEU Foundation supplements the University scholarship program by providing special grants. The University maintains excellent facilities such as an electronic library, various types of laboratories, auditorium, audio-visual and multimedia rooms, clinic, technology-based gate security and enrollment system, gymnasiums, and spacious air-conditioned classrooms to best serve the students. The University was granted deregulated status for five years beginning 22 October 2001 until 21 October 2006 per CHED Memorandum Order (CMO) No. 38, Series 2001. Then, per CMO No. 52, Series 2006, the deregulated status was extended until the end of Second Semester, SY 2006-2007. Moreover, per CMO No. 59, Series 2007, the University was granted the same status from 15 November 2007 to 14 November 2008. On 22 January 2009, through a Memorandum from the CHED Chairman, FEU's status was extended until 30 April 2009. On 17 March 2009, CHED extended the University's deregulated status for another five years, that is, from 11 March 2009 until 30 March 2014. Effective 25 July 2012, Far Eastern University – Manila was granted the Autonomous status until 31 May 2014.

<u>Product:</u> The Corporation is an educational institution. A private, non-sectarian institution of learning comprising the following different Institutes that offer specific programs:

A.) <u>Institute of Arts and Sciences (IAS)</u>

<u>Programs:</u>

PhD:

Ph.D in Psychology major in Clinical Psychology
" Forensic Psychology
" Industrial Psychology

Master's:

Master of Arts in Psychology

Master of Arts major in:

- Mass Communication
- Letters

Master of Science in Biology

Baccalaureate:

Bachelor of Arts in:

- Communication
- English Language
- Literature
- Political Science
- International Studies
- Interdisciplinary Studies

Bachelor of Science in:

- Biology
- Psychology
- Applied Mathematics with Information Technology
- Medical Technology

B.) <u>Institute of Accounts, Business and Finance (IABF)</u>

<u>Programs:</u>

Baccalaureate:

Bachelor of Science in Accountancy

Bachelor of Science in Business Administration major in:

- Business Management
- Internal Auditing (Leading to BS Accountancy)

C.) Institute of Tourism and Hotel Management (ITHM)

<u>Programs:</u>

Baccalaureate:

Bachelor of Science in:

- Hotel and Restaurant Management
- Tourism Management

D.) <u>Institute of Education (IE)</u>

<u>Programs:</u>

Doctorate:

Doctor of Education major in Educational Administration
" Curriculum and Instruction
" Language and Literature Education

Master's Degree:

Master of Arts in Education major in:

- Educational Administration (Thesis Program)
- Curriculum and Instruction (Thesis Program)
- Curriculum and Instruction (Non-Thesis Program)
- Special Education (Thesis Program)
- Guidance and Counseling
- English Language Teaching

Master in Physical Education

Master of Arts in Literature and Language Education (English)

Baccalaureate:

Bachelor of Elementary Education major in:

- General Education
- Special Education
- Preschool Education

Bachelor of Secondary Education major in:

- Mathematics
- Sports & Recreational Management
- English
- General Science
- School Physical Education

Certificate:

Teacher Certificate Program

E.) Institute of Architecture and Fine Arts (IARFA)

Programs:

Baccalaureate:

Bachelor of Science in Architecture

Bachelor of Fine Arts major in:

- Advertising Arts
- Painting

F.) Institute of Law (IL)

Programs:

Post-Baccalaureate:

Bachelor of Laws
Juris Doctor

G.) Institute of Nursing

Programs:

Master's:

Master of Arts in Nursing

Baccalaureate:

Bachelor of Science in Nursing

H.) FEU-Makati

Programs:

Master's:

Master in Business Administration

Baccalaureate:

Bachelor of Science in
- Accountancy
- Accounting Technology
- Information Technology

Bachelor of Science in Business Administration major in:
- Business Management

All programs offered in the University were granted approval/permits by CHED and other concerned government institutions.

Accreditation on Programs

The Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) granted Certificates of Level III Second Reaccredited Status, from April 2011 to April 2016 to:

Bachelor of Arts in Mass Communication

Bachelor of Science in Business Administration major in:
- Business Economics
- Financial Management
- Marketing Management
- Human Resource Development Management
- Operations Management
- Business Management
- Internal Auditing
- Legal Management

Similarly, PACUCOA granted a Level III Reaccredited Status from April 2011 to April 2015 to:

Bachelor of Science in Accountancy

Bachelor of Science in Applied Math major in IT

Bachelor of Science in Biology

Bachelor of Science in Psychology

Bachelor of Elementary Education

Bachelor of Secondary Education

Also, PACUCOA has granted Level I status from June 2014 to 2017 to:

Master of Arts in Psychology

Master of Arts in Education

Doctor of Education

PACUCOA has granted Candidate status from October 2014 to October 2016 to:

Bachelor of Arts in English Language

Bachelor of Arts in Literature

Bachelor of Arts in Political Science

Bachelor of Science in Hotel and Restaurant Management

The Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) granted Level II Reaccredited Status to Bachelor of Nursing program until 2015.

It is the policy of Far Eastern University to provide quality educational services. This commitment is embodied in, and fully supported by, the University's Quality Management System (QMS) which has been certified to the latest version, ISO 9001-2008, through Certificate Registration No. TUV 100 05 0416 valid until 17 January 2015. Thus, the students and other stakeholders are assured that services provided by FEU are in accordance with standard procedures in its QMS which undergo continuous improvement for the satisfaction of the University's customers.

Distribution methods of the products/services:

Since this is an educational institution, its services are certainly focused on the students.

The tuition of students in the following Institutes significantly (10% and up) contributed to the revenues of the University:

Institute	Percentage to Revenues
Institute of Accounts, Business and Finance	27%
Institute of Arts and Sciences	30%
Institute of Tourism and Hotel Management	17%
Institute of Architecture and Fine Arts	13%

Customers: Students

Purchases of Raw Materials: NOT APPLICABLE

Distribution methods of the products/services:

Since this is an educational institution, its services are certainly focused on the students.

Competition:

Since the school which is the main core of the business is situated in the University Belt, the competitors are prestigious colleges and universities within the specified area. FEU can effectively compete with these institutions of learning because of its well-modulated tuition fees subject to government regulations, air-conditioned classrooms, electronic library and continuous improvement of physical plant and facilities. Diverse scholarships are also offered and a magnificent line-up of cultural performances for the whole year is presented, free for all students. Moreover, the University recently acquired the Level III re-accredited status for most of its Liberal Arts and Commerce programs.

Whistle-Blowing Policy

The company encourages responsible whistle blowers and gives them adequate protection. On the other hand, irresponsible and indiscriminate accusations are netted the corresponding sanctions.

Affiliates and Subsidiaries

FEU INSTITUTE OF TECHNOLOGY

Initiated by the leaders of the industry and the academe, FEU Institute of Technology (FEU Tech) started its operation in 1992 offering courses in Computer Studies. To consolidate the technology courses, the Institute of Engineering of the Far Eastern University was transferred to FEU Tech in 2002 making it the Technology College of the FEU Group.

Currently, the College offers the following courses:

Engineering Programs:

B.S. Civil Engineering
B.S. Computer Engineering
B.S. Electrical Engineering
B.S. Electronics Engineering
B.S. Mechanical Engineering

Computer Studies Programs:

B.S. Computer Science, with specialization in:
Software Engineering
Business Analytics

Bachelor of Science in Information Technology, with specialization in:
Animation and Game Development
Digital Arts
Service Management and Business Analytics

Bachelor of Science in Entertainment and Multimedia Computing, with specialization in:
Digital Animation Technology
Game Development

Associate in Computer Technology (Diploma course)

Master in Information Technology

Proving to be a venue "Where Industry meets Academe," FEU Tech has strong partnership with the larger community and has excellent Computer and Engineering curricula which are relevant to the current industry trends and needs.

The commitment of FEU Tech to be an institution of quality education has been acknowledged as the Commission of Higher Education recognized the College as a Center of Development (COD) for Information Technology Education.

FEU Diliman

FEU Diliman (Nicanor Reyes Educational Foundation) is a non-stock, non-profit institution of higher learning. FEU Diliman, being a part of the FEU group, was founded in 1994 to commemorate the birth centennial of Dr. Nicanor Reyes Sr., the founder and the first president of the Far Eastern University. Dr. Reyes was an epitome of nationalism as he pioneered the first Institute of Accountancy to enable Filipinos, including working students, to become accountants.

The Basic Education Department, offering classes from Pre-school to High School, is committed to providing education in a safe and supportive environment that promotes self-discipline, motivation, and excellence in learning. It continues to educate its students to do critical thinking, to be articulate, and to take initiative in their endeavors.

The foundation provides a caring and enjoyable environment that enables students to acquire professional competencies in the fields of Accountancy, Business, and Information Technology, together with strong industry linkages with BPOs and Business Enterprises, giving them the best chance at a career right after graduation.

FEU Diliman continues to recruit and retain excellent faculty, genuinely serve the students, improve on operational efficiency, enhance curricula, improve alumni relations, and strive for the highest academic standards, through a holistic education, anchored on Fortitude, Excellence and Uprightness.

FEU CAVITE

FEU Cavite, a wholly owned subsidiary of Far Eastern University, consists of two medium-rise buildings, one each for Basic Education and College, on two separate sites, totaling five and a half hectares within the gated and secured environs of MetroGate Estates on Aguinaldo Highway, Silang, Cavite.

Incorporated in 2009, the pristine campus rests amidst an invigorating atmosphere, with the eco-friendly structures housing spacious classrooms, equipped with state-of-the-art learning facilities that are deemed at par with existing international schools.

It was in June 2010 when the new campus opened its doors to students for pre-school, grade school, high school and tertiary levels. The college division offers degree programs in Hotel and Restaurant Management, Tourism Management, Business Administration, Secondary Education and Elementary Education. Three more programs were added in SY 2012-13: Accountancy, Information Technology and Psychology. The Center for Continuing Education offers non-degree programs and short courses such as English as a Second Language (ESL) and TESDA courses like Culinary Arts, Housekeeping Operations, Bar Management, and Baking and Pastry, among others.

FEU Cavite had its first batch of graduates in April 2014. All forty-three graduates are now employed!

The maiden batch of LET takers from class 2014 passed the March 2015 exams. FEU Cavite can proudly say: 100% LET Passers; 100% Employed.

Last 15 April 2015, the second batch had ninety five graduates in its roster. This included the first batch of IT graduates for the school.

FEU Cavite continues to improve its offerings and courses. The IT curriculum was revised to offer specialization tracks in Web and Mobile, Business Analytics, and Service Management. An enhancement program is being offered to Accountancy students to help them prepare better for the board exams. The AC Tech curriculum was also revised to allow for mandatory OJT for their course.

Students remain active in extra-curricular activities in and off campus. Student participants in competitions have successfully brought home trophies as in the Best Business Idea Development Award (BIDA), Champion, Theory of Accounts and Business Law in the annual regional convention competitions of JPIA; Champion, Extemporaneous Speaker in English in the Educator's Congress.

The Basic Education Department has successfully implemented the Scholastic Reading program which has helped a lot of students in grade leveling if not markedly improving their reading levels.

FEU Cavite is active in the community through its different outreach programs from medical missions to literacy workshops to Christmas gift-giving and regular Brigada Escuela participation.

FEU Cavite is Senior High ready as it received last March its provisional permit to offer courses in both academic and tech-voc tracks.

SCHEDULE OF PROPERTY, PLANT & EQUIPMENT/INVESTMENT PROPERTY

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
FAR EASTERN UNIVERSITY					
I. PROPERTY, PLANT & EQUIPMENT:					
			-		
L A N D	98,457,565.00	-	98,457,565.00	Manila	Very Good
L A N D - BILUSO, SILANG	41,733,212.00	-	41,733,212.00	Cavite	
	140,190,777.00		140,190,777.00		
BUILDINGS & LAND IMPROVEMENTS					
Technology	322,923,900.00	127,663,927.00	195,259,973.00	Manila	"
Alfredo Reyes Hall	128,929,087.00	59,182,554.00	69,746,533.00	"	"
Leasehold Improvement	404,044,820.00	78,985,527.00	325,059,293.00	"	"
Science Building	293,402,169.00	43,688,300.00	249,713,869.00	"	"
Arts Building	38,323,718.00	12,718,016.00	25,605,702.00	"	"
Nicanor Reyes Hall	196,668,991.00	27,275,749.00	169,393,242.00	"	"
EAC - Annex	119,955,373.00	45,757,634.00	74,197,739.00	"	
EAC - Main	172,359,440.00	88,131,666.00	84,227,774.00	"	
GEC & Educational Hall	-	-	-	"	"
Grade school	-	-	-	"	"
LB to SB Covered Walk	617,737.00	617,737.00	-	"	"
Covered Passage	3,202,126.00	1,312,802.00	1,889,324.00	"	"
Perimeter Fence	715,360.00	708,277.00	7,083.00	"	"
Campus Pavilion	1,661,650.00	694,756.00	966,894.00	"	"
Pavilion 2 & Pergola	310,000.00	310,000.00	-	"	"
Electrical Rooms	296,196.00	296,196.00	-	"	"
Chapel	5,263,611.00	-	5,263,611.00	"	"
Others	12,473,877.00	3,437,106.00	9,036,771.00	"	"
Grandstand	1,562,113.00	421,177.00	1,140,936.00	"	"
FEU Makati Campus	178,799,388.00	38,219,281.00	140,580,107.00	Makati	"
	1,881,509,556.00	529,420,705.00	1,352,088,851.00		
EQUIPMENTS					
Furnitures & Fixtures	87,628,172.00	40,163,095.00	47,465,077.00	Manila	"
Electrical & Mechanical	119,682,431.00	84,783,618.00	34,898,813.00	"	"
Information Technology	131,281,803.00	76,822,601.00	54,459,202.00	"	"
Transportation Equipment	38,049,915.00	29,466,133.00	8,583,782.00	"	"
Miscellaneous Fixed Assets	103,703,682.00	94,970,119.00	8,733,563.00	"	"
T o o l s	1,462,367.00	1,323,448.00	138,919.00	"	"
Museum Collection	9,065,199.00	-	9,065,199.00	"	"
Laboratory Equipment	40,184,652.00	9,323,092.00	30,861,560.00	"	"
Athletic & Sports Equipment	1,298,438.00	416,875.00	881,563.00	"	"
Musical Instrument	2,349,942.00	815,420.00	1,534,522.00	"	"
	534,706,601.00	338,084,401.00	196,622,200.00		"
TOTAL	2,556,406,934.00	867,505,106.00	1,688,901,828.00		

II. INVESTMENT PROPERTIES:					
LAND	53,394,726.00	-	53,394,726.00	Manila	Very Good
LAND - FILINVEST	1,053,292,737.00	-	1,053,292,737.00	Muntinglupa	"
	1,106,687,463.00		1,106,687,463.00		"
CONSTRUCTION IN PROGRESS I	4,242,806.00	-	4,242,806.00	Muntinlupa	
FEU SILANG 1	204,550,000.00	27,896,875.00	176,653,125.00	Cavite	"
FEU SILANG 11	222,826,542.00	29,481,669.00	193,344,873.00	Cavite	"
	427,376,542.00	57,378,544.00	369,997,998.00		
TOTAL	1,538,306,811.00	57,378,544.00	1,480,928,267.00		
TOTAL - FEU	**4,094,713,745.00**	**924,883,650.00**	**3,169,830,095.00**		
FERN REALTY CORPORATION					
INVESTMENT PROPERTY					
Land	459,399,933.00	-	459,399,933.00	Mla- Mkti-Cavite	"
Land Improvements	2,941,666.00	2,941,666.00	-	Mla- Mkti-Cavite	"
Buildings and Improvements	168,208,708.00	55,682,721.00	112,525,987.00	Various	"
Construction in Progress	113,651,472.00	-	113,651,472.00	Mkti -Taguig	"
	744,201,779.00	58,624,387.00	685,577,392.00		
TRANSPORTATION & OTHER EQUIPMENT					
Transportation Equipment	6,260,713.00	2,366,935.00	3,893,778.00	Manila	"
Office Furniture & Other Equipment	2,164,264.00	1,229,040.00	935,224.00	Manila	"
	8,424,977.00	3,595,975.00	4,829,002.00		
TOTAL	**752,626,756.00**	**62,220,362.00**	**690,406,394.00**		
EAST ASIA COMPUTER CENTER, INC.					
Building	556,091,895.00	15,725,866.00	540,366,029.00	Manila	newly acquired
Furnitures & Fixtures	12,509,072.00	1,391,681.00	11,117,391.00	Manila	newly acquired
Computer Equipment	3,757,326.00	714,825.00	3,042,501.00	Manila	newly acquired
Laboratory Tolls	1,660,385.00	74,167.00	1,586,218.00	Manila	Very Good
Machinery and Equipment	31,785,009.00	8,227,754.00	23,557,255.00	Manila	"
Investment Properties - Building	405,742,747.00	16,905,948.00	388,836,799.00	Manila	"
TOTAL	**1,011,546,434.00**	**43,040,241.00**	**968,506,193.00**		
FEU CAVITE					
Furnitures & Fixtures	6,558,541.00	5,480,135.00	1,078,406.00	Cavite	Very Good
Tools and Equipments	7,449,813.00	5,870,305.00	1,579,508.00	Cavite	"
Library Books	4,623,759.00	2,582,492.00	2,041,267.00	Cavite	"
Leasehold Improvements	3,781,858.00	2,067,486.00	1,714,372.00	Cavite	"
Computer Equipment	14,529,869.00	10,241,395.00	4,288,474.00	Cavite	"
Transportation Equipment	110,010.00	39,843.00	70,167.00	Cavite	"
TOTAL	**37,053,850.00**	**26,281,656.00**	**10,772,194.00**		
GRAND TOTAL	**5,895,940,785.00**	**1,056,425,909.00**	**4,839,514,876.00**		

Properties leased by the corporation from FERN Realty, Inc.

	Annual Rental (12 months)	Contract Date
Education Building – an eight (8) storey building made of concrete materials located at Nicanor Reyes St., Manila	₱53,815,767.32 plus applicable VAT	01 July 2014 to 30 June 2015
Nursing Building – an eight (8) storey building made of concrete materials located at Nicanor Reyes St., Manila		
Law Building – a four (4) storey building made of concrete materials located at Nicanor Reyes St., Manila		
Administration Building – a four (4) storey building made of concrete materials located at Nicanor Reyes St., Manila		

Properties leased by the corporation from FERN Realty, Inc.

	Annual Rental (12 months)	Contract Date
Gymnasium – a two (2) storey building made of concrete materials located at R. Papa St., Manila	8,167,506.47 plus applicable VAT	01 April 2014 to 31 March 2015
Athletes' Quarter, additional space – Ground Floor (234.44 sq.m.), of a five (5) storey building made of concrete materials located at P. Paredes cor S.H. Loyola St. Sampaloc, Manila	590,788.80 plus applicable VAT	04 April 2014 to 04 April 2015
Athletes' Quarter, portion of the 2nd Floor (790 sq.m.), of a five (5) storey building made of concrete materials located at P. Paredes cor S.H. Loyola St., Sampaloc, Manila	2,419,829.84 plus applicable VAT	01 December 2014 to 01 December 2015
FEU Makati Branch – (1) parcel of land (2,186 sq.m.) located at Makati Central Business District bounded by Sen. Gil Puyat Avenue, Malugay Street, Manila and Geronimo Street, Makati City	7,746,637.50 plus applicable VAT	01 December 2014 to 30 November 2015
FEU FERN Bookstore – a portion of Ground Floor (48 sq.m.) of a five (5) storey building made of concrete materials located at Sampaguita Avenue, Barangay Pasong Tamo, Quezon City.	99,504.00 plus applicable VAT	11 February 2015 to 10 January 2017
Computer Laboratory – a portion of Ground Floor (292.74 sq.m.) of Nursing Building made of concrete materials located at Nicanor Reyes St., Manila	2,033,298.85 plus applicable VAT	01 June 2014 to 31 May 2015

The lease contract shall not be deemed extended by implication beyond the contract period for any cause or reason whatsoever, but only by negotiation and written agreement of the **LESSOR** and the **LESSEE**.

PROPERTY LEASED BY EAST ASIA FROM FEU, INC.

FEU EAC Main Building and FEU-EAC Annex Building located at Nicanor Reyes St., Manila 7,553.62 sq.M.	**Turned over - December 6, 2014**	
4th - 8th floors and Rooms 906, 907, 908 of 9th floor of the Technology Building located at Nicanor Reyes St., Manila 7,280.43 sq.m.	**29,983,414.28 plus applicable VAT**	**May 1, 2014 to April 30, 2015**

PROPERTY LEASED BY FEU CAVITE FROM FEU, INC.

Two concrete buildings located at FEU-Silang, Cavite	**600,000.00 plus applicable VAT**	**August 1, 2012 to July 31, 2022**

Properties intended to be acquired in the next 12 months

	AMOUNT
None	Not Applicable

Employees: (As of 31 March 2015)

Number of Employees

Officials	-	12
Administrative Officials	-	53
Non-Academic:		
Supervisor	-	59
Rank-and-File	-	303
Probationary/Contractual Monthly	-	11
Academic:		
Lecturer	-	660
Regular	-	329

With the economic condition prevailing in the country, the corporation has no plan of hiring employees within the ensuing twelve months. It will make use of its present employees and faculty members to meet its manpower requirements.

Inclusive Dates of CBA

Non-Academic	16 July 2011 – 15 July 2016
Academic	01 Sept.2011 – 31 August 2016

The labor unions of the employees and the faculty members have never been on strike in the last ten years, and pose no threat to strike in the foreseeable future. Employees and faculty members have a harmonious relationship with the Administration.

Working Capital: All of the company's working capital for its existing operation for fiscal year 01 April 2014 to 31 March 2015 was internally generated.

Other Supplemental Benefits or Incentive Arrangements the Registrant has or will have with its employees

	Employee	Faculty
1. Average Annual Increase in Basic Salary for three years	10%	10%
2. Yearly Rice Allowances	₱ 7,000.00	₱ 7,000.00
3. Yearly Medical	₱ 55,000.00 plus health card (premium deducted from P55,000.00)	₱ 30,000.00 plus health card
4. Educational	for employees and dependents	for faculty and dependents
5. One-time Signing Bonus	₱ 10,000.00	₱ 10,000.00
6. One-time No Strike Bonus	₱ 150,000.00	₱ 150,000.00
7. Others	Various	Various

Risk Management and Objectives and Policies

The The Group is exposed to certain financial risks in relation to financial instruments. Its main purpose for its dealings in financial instruments is to fund operational and capital expenditures. The BOT has the overall responsibility for the establishment and oversight of the Group's risk management framework. It has a risk management committee headed by an independent trustee that is responsible for developing and monitoring the Group's policies, which address risk management areas.

Management is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of these policies in relation to the risks faced by the Group.

The Group does not engage in trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described in the succeeding paragraphs.

Market Risk

a. Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from certain AFS debt securities which are denominated in U.S. dollars (USD) and Euro (EUR). The Group also holds USD-denominated cash and cash equivalents.

To mitigate the Group's exposure to foreign currency risk related to the foreign currency-denominated AFS debt securities, management entered into a cross-currency swap agreement. As to the dollar deposit, management keeps the amount of deposits at a low level.

Foreign currency-denominated financial assets, translated into Philippine pesos at the closing rate follow:

	2015		2014		2013	
	USD	**EUR**	USD	EUR	USD	EUR
Short-term exposure – Financial assets	**P 581,584**	**P -**	P 88,764	P -	P 3,962,877	P -
Long-term exposure – Financial assets	**P 289,725,417**	**P 53,893,716**	P 309,044,002	P 68,785,580	P147,193,807	P 58,496,721

The table below illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD and EUR exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 68% confidence level.

	2015			2014			2013		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in profit before tax	Effect in equity
PhP - USD	**8.29%**	**(P 48,213)**	**(P24,018,237)**	20.61%	(P 18,294)	(P63,693,969)	14.25%	(P 564,570)	(P20,969,907)
PhP - EUR	**52.05%**	**-**	**(28,051,679)**	33.31%	-	(22,912,477)	17.58%	-	(10,285,726)
		(P 48,213)	**(P52,069,916)**		(P 18,294)	(P86,606,446)		(P 564,570)	(P31,255,633)

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

b. Interest Rate Risk

The Group's exposure to interest rate risk arises from the following interest-bearing financial instruments which are subject to variable interest rates. All other financial assets and liabilities have fixed rates.

	2015	2014	2013
Cash and cash equivalents	**P 887,246,321**	P 559,380,865	P 337,545,519
AFS financial assets	**1,446,499,583**	1,495,509,753	1,645,490,432
Short-term investments	**104,480,844**	134,944,032	393,155,724
Interest-bearing loans	**(676,923,077)**	(800,000,000)	(800,000,000)
	P1,761,303,671	P1,576,191,675	P1,576,191,675

The following table illustrates the sensitivity of profit before tax for the years with regard to the Group's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months, estimated at a 68% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at March 31, 2015, 2014 and 2013.

	2015		2014		2013	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	**+/-0.18%**	**P 1,597,043**	+/-0.46%	P 2,573,152	+/-0.41%	P 1,383,937
AFS financial assets	**+/-3.89%**	**56,268,834**	+/-0.59%	8,823,508	+/-1.16%	19,087,689
Short-term investments	**+/-3.89%**	**4,064,305**	+/-0.59%	796,170	+/-1.16%	4,560,606
Interest-bearing loans	**+/-0.61%**	**(4,129,231)**	+/-0.65%	(5,200,000)	+/-0.93%	(7,440,000)
		P 57,800,951		P 6,992,830		P 17,592,232

c. Other Price Risk

The Group's exposure to price risk arises from its investments in equity securities, which are classified as part of the AFS Financial Assets in the consolidated statements of financial position. These consist of publicly-listed equity securities which are carried at fair value.

Management monitors its equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

For equity securities listed in the Philippines, an average volatility of 16.69%, 17.43% and 12.27% has been observed during 2015, 2014 and 2013, respectively. If quoted prices for these securities increased or decreased by that amount, profit before tax would have changed by P124.4 million, P143.3 million and P45.9 million in 2015, 2014 and 2013, respectively.

No sensitivity analysis was provided for government and corporate bonds, and investments in UITF classified as AFS financial assets as management deemed that the risk at the end of the year is not representative of a risk inherent in financial instruments.

The investments are considered medium to long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments, except as discussed in Notes 10 and 11 in connection with its investment in certain foreign currency denominated corporate debt instruments which are also subject to a cross-currency swap agreement. The investments are continuously monitored to ensure returns of these equity instruments are timely utilized or reinvested in the Group's favor.

Credit Risk

Credit risk represents the loss the Group would incur if the counterparty fails to perform its contractual obligations. The Group's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and students to fully settle the unpaid balance of tuition fees and other charges which are owed to the Group based on installment payment schemes.

The Group has established controls and procedures to minimize risks of non-collection. Students are generally not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid.

The Group also withholds the academic records and clearance of the students with unpaid balances; thus, ensuring that collectability is reasonably assured. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through setting limits and monitoring closely said accounts.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

	2015	2014	2013
Cash and cash equivalents	**P 887,447,257**	P 559,584,420	P 338,059,095
Trade and other receivables – net	**531,858,632**	404,552,152	493,525,522
Financial asset at FVTPL	**340,800**	-	18,629,900
AFS financial assets (debt securities)	**1,446,499,583**	1,495,509,753	1,645,490,432
Short-term investments	**104,480,844**	134,944,032	393,155,724
Refundable deposits	**7,176,868**	3,929,796	3,929,796
	P 2,977,803,984	P 2,598,520,153	P 2,892,790,469

The table below shows the credit quality of the Group's financial assets as at March 31, 2015, 2014 and 2013 having past due but not impaired components.

	Neither past due nor impaired	**Past due and impaired**	**Total**
2015			
Cash and cash equivalents	P 887,447,257	P -	P 887,447,257
Trade and other receivables – net	475,881,356	55,977,276	531,858,632
Financial assets at FVTPL	340,800	-	340,800
AFS financial assets (debt securities)	1,446,499,583	-	1,446,499,583
Short-term investments	104,480,844	-	104,480,844
Refundable deposits	7,176,868	-	7,176,868
	P 2,921,826,708	**P 55,977,276**	**P 2,977,803,984**
2014			
Cash and cash equivalents	P 559,584,420	P -	P 559,584,420
Trade and other receivables – net	357,966,474	46,585,678	404,552,152
AFS financial assets (debt securities)	1,495,509,753	-	1,495,509,753
Short-term investments	134,944,032	-	134,944,032
Refundable deposits	3,929,796	-	3,929,796
	P 2,551,934,475	P 46,585,678	P 2,598,520,153

	Notes	Neither past due nor impaired	Past due and impaired	Total
2013				
Cash and cash equivalents	8	P 338,059,095	P -	P 338,059,095
Trade and other receivables – net	9	358,641,555	134,883,967	493,525,522
Financial asset at FVTPL	10	18,629,900	-	18,629,900
AFS financial assets (debt securities)	11	1,645,490,432	-	1,645,490,432
Short-term investments	13	393,155,724	-	393,155,724
Refundable deposits	13	3,929,796	-	3,929,796
		P 2,757,906,502	P 134,883,967	P 2,892,790,469

The Group's management considers that all the above financial assets are not impaired and of good credit quality, except those specifically provided with allowance for impairment at the end of the reporting period. The age of past due but not impaired receivables is about six months for each of the three years presented.

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described in the next page.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements. These are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

In respect of trade and other receivables, the Group has neither any significant exposure to any individual customer or counterparty nor does it have any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties. The Group classifies tuition and other fee receivables from students based on the number of semesters the receivables have been outstanding. Receivables from students that are outstanding for more than one semester are analyzed to determine whether they are impaired. Those that are not outstanding for more than one semester or are currently receivable are determined to be collectible, based on historical experience.

(c) Financial Assets at FVTPL and AFS Financial Assets

Financial assets at FVTPL and AFS financial assets are coursed through reputable financial institutions duly approved by the BOT.

Liquidity Risk

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and ensures that future cash collections are sufficient to meet them in accordance with internal policies. The Group invests in short-term placements when excess cash is obtained from operations.

As at March 31, 2015, 2014 and 2013 the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
2015			
Trade and other payables	P647,217,342	P 7,876,714	P -
Interest-bearing loans	684,548,185	6,217,262	34,006,754
Refundable deposits (presented under Other non-current liabilities)	-	-	3,701,378
	P1,331,765,527	**P 14,093,976**	**P 37,708,132**
2014			
Trade and other payables	P479,556,137	P 3,866,207	P -
Interest-bearing loans	7,088,079	6,338,079	954,507,227
Derivative liability	-	14,433,500	-
Refundable deposits (presented under Other non-current liabilities)	-	-	3,063,144
	P486,644,216	P 24,637,786	P957,570,371
2013			
Trade and other payables	P395,712,835	P 2,550,908	P -
Interest-bearing loans	2,306,123	1,223,654	944,078,904
Refundable deposits (presented under Other non-current liabilities)	-	-	4,632,374
	P398,018,958	P 3,774,562	P948,711,278

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

Item 3. Legal Proceedings

Hereunder is the list of the legal proceedings involving the company which is being handled by Atty. Enrico G. Gilera, the University Legal Counsel:

External Cases

Pending Court Cases as of 1 April 2015

1. Ma. Corazon Abella vs. FEU, NLRC Case No. 2013-07597
2. Romeo Cuevas vs. FEU, NLRC-NCR Case No. 03-002619-15
3. Romeo Cuevas vs. FEU, NLRC Case No. 07-08881-2014
4. Richelle Simon et al. vs. FEU, CA GR. SP No. 120312
5. Century Iron Work, Inc. vs. FEU, Supreme Court G.R. No. 217329
6. Ryan Liba vs. FEU, NLRC Case No. 03-02658-14

Involvement of Directors and Officers in Certain Legal Proceedings

None of the directors and officers of the **registrant or any of its subsidiaries or affiliates** was involved during the past five (5) years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities, nor found by any court or administrative body to have violated a securities or commodities law.

The registrant or any of its subsidiaries or affiliates is not a party to any pending legal proceedings in which any of their property is the subject.

Item 4. Submission of Matters to a Vote of Security Holders

The registrant is not a party to any voting trust agreement. No security holder of the Registrant holds a voting trust or any other similar agreement.

Part II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrants Common Equity and Related Stockholders Matters

DIVIDENDS DECLARED FOR THE FISCAL YEAR ENDED 31 MARCH 2015

Cash Dividend:

	Date of Declaration	Date of Record	Date of Payment	Amount
Cash dividend of P12 per share	June 17, 2014	July 1, 2014	July 15, 2014	P 164,775,636
Cash dividend of P12 per share	January 20, 2015	February 3, 2015	February 17, 2015	197,516,112
				P 362,291,748

Stock Dividend:

	Declaration	Record	Date of Payment/Issuance	Amount
20%stock dividend equivalent to 2,746,261 shares	July 15, 2014	September 9, 2014	Various dates	274,572,000
541 fractional shares paid out in cash at P100 per share				54,060
				P 274,626,060

Dividend Policy

Cash dividend on common shares shall be paid based on the approval of the Board of Trustees up to the amount of the unrestricted retained earnings and available cash, while stock dividend on common shares shall be paid based on the approval of the Board of Trustees, ratified by the stockholders, based on the unrestricted retained earnings up to the approved authorized capital stock.

Recent Sales of Unregistered Securities

Not a single common share is considered unregistered security. All shares are registered with the Philippine Stock Exchange, Inc. Thus, checklist of requirements for Sale of Unregistered Securities is not applicable.

The Philippine Stock Exchange, Inc. is the principal market where the corporation's common equity is traded.

Market Prices of Common Stocks: (Phil. Stock Exchange, Inc.)

Herewith are the high, low, and closing prices of shares of stock traded from April 2014 to March 2015:

MONTH	HIGH	HIGH-Adj.	LOW	LOW-Adj.	CLOSE	CLOSE-Adj.
April	1,120.00	933.33	1,103.00	919.17	1,115.00	929.17
May	1,120.00	933.33	1,103.00	919.17	1,110.00	925.00
June	1,159.00	965.83	1,103.00	919.17	1,159.00	965.83
July	1,300.00	1,083.33	1,080.00	900.00	1,300.00	1,083.33
August	1,340.00	1,116.67	1,250.00	1,041.67	1,300.00	1,083.33
September	1,700.00	1,416.67	1,185.00	1,029.17	1,190.00	1,190.00
October	1,250.00	1,250.00	1,000.00	1,000.00	1,110.00	1,110.00
November	1,110.00	1,110.00	1,006.00	1,006.00	1,035.00	1,035.00
December	1,050.00	1,050.00	1,007.00	1,007.00	1,020.00	1,020.00
January	1,044.00	1,044.00	1,003.00	1,003.00	1,029.00	1,029.00
February	1,100.00	1,100.00	830.00	830.00	1,086.00	1,086.00
March	1,061.00	1,061.00	830.00	830.00	1,000.00	1,000.00

*Adjustments due to Stock Dividend Declaration effective September 04, 2014

High and low sale prices for each quarter are as follows:

A) 01 April 2014 – 31 March 2015

Period	High	High Adj.	Low	Low Adj.	Close	Close Adj.
First Quarter	₱ 1,133.00	P 944.16	P 1,103.00	P 919.17	P 1,128.00	P 940.00
Second "	1,446.67	1,205.56	1,171.67	990.28	1,263.33	1,118.89
Third "	1,136.67	1,136.67	1,004.33	1,004.33	1,055.00	1,055.00
Fourth "	1,068.33	1,068.33	887.67	887.67	1,038.33	1,038.33

B) 01 April 2013 - 31 March 2014

Period	High	Low	Close
First Quarter	₱1,290.00	₱ 1,173.33	₱ 1,258.33
Second "	1,240.00	1,140.00	1,198.33
Third "	1,151.66	1,108.00	1,121.33
Fourth "	1,137.33	1,103.00	1,120.00

The number of shareholders on record as of 31 March 2015 was **One Thousand Five Hundred Sixteen (1,516)**. Common shares issued and outstanding were **16,477,023.**

20 TOP FEU STOCKHOLDERS AS OF 31 MARCH 2015

Title of Class	Name of Beneficial Owner	No. of Shares and Nature of Beneficial Ownership	Citizen ship	Percent Of Class
1. Common	Seyrel Investment and Realty Corporation	4,717,162 – D	Filipino	28.63
2. Common	Sysmart Corporation	3,546,138 – D	Filipino	21.52
3. Common	Desrey, Inc.	1,318,464 – D	Filipino	08.00
4. Common	PCD Nominee Corporation (Filipino)	573,577 – D	Filipino	03.48
5. Common	Angelina D. Palanca	531,873 – D	Filipino	03.23
6. Common	Sr. Victorina D. Palanca	369,600 – D	Filipino	02.24
7. Common	ICM Sisters Phil. Mission Board, Inc.	361,200 – D	Filipino	02.19
8. Common	Aurelio R. Montinola III	313,812 – D	Filipino	01.90
9. Common	Marco P. Gutang	210,135 – D	Filipino	01.27
10. Common	Gonzaga-Lopez Enterprises, Inc.	201,828 – D	Filipino	01.22
11. Common	Jomibel Agricultural Development Corp.	178,884 – D	Filipino	01.08
12. Common	AMON Trading Corporation	143,665 – D	Filipino	00.87
13. Common	ZARE, Inc.	83,361 – D	Filipino	00.50
14. Common	Rosario P. Melchor	81,022 – D	Filipino	00.49
15. Common	Juan Miguel R. Montinola	75,144 – D	Filipino	00.46
16. Common	Rosario Panganiban-Melchor	73,552 – D	Filipino	00.45
17. Common	Gianna R. Montinola	72,626 – D	Filipino	00.44
18. Common	Antonio R. Montinola	72,412 – D	Filipino	00.44
19. Common	Mitos Sison	67,814 – D	Filipino	00.41
20. Common	Consorcia P. Reyes	66,085 – D	Filipino	00.40

Management's Discussion and Analysis or Plan of Operation

Financial Position

As of March 31, 2013, consolidated total assets amounted to P7,027.27 million which was higher than the previous year's P5,227.89 million. Consolidated total liabilities amounted to P1,362.72 million which was higher than the previous year's P501.53 million. Consolidated total equity amounted to P5,664.55 million which was higher than the previous year's P4,726.35 million. Equity attributable to the owners of the Parent Company amounted to P4,811.87 million and was more than the previous year's P4,245.05 million. Non-controlling Interests (NCI) amounted to P852.68 million and was more than the previous year's P481.30 million. Current ratio was 5.93:1 and debt was 24.06% of equity.

As of March 31, 2014, consolidated total assets went up to P8,053.45 million which surpassed previous year's amount of P7,027.27 million. Consolidated total liabilities likewise increased from P1,362.72 million to P1,515.19 million. Consolidated total equity reached P6,538.26 million which was higher than the previous year's P5,664.55 million. Total equity is composed of the portion attributable to the owners of the Parent Company and NCI amounting to P5,158.54 and P1,379.72 million, respectively. Current ratio was 4.80:1, while debt was at 23.17% of equity.

For the current year, consolidated total assets further increased to P9,090.88 million, which was 12.88% higher than the previous year's P8,053.45 million. The increase in consolidated total assets is mainly attributable to the increase in current assets which grew by 24.89% from P3,046.21 million to P3,804.40 million. Non-current assets also contributed to the said increase as it grew by 5.58% from P5,007.24 million as of March 31, 2014 to P5,286.48 million as of March 31, 2015.

Consolidated total liabilities slightly increased by 3.75% to P1,572.05 million as of March 31, 2015 compared to the previous year's P1,515.19 million. Current liabilities increased by P139.10% while non-current liabilities went down by 93.70%.

As it goes with the growth in the consolidated total assets, consolidated total equity likewise improved by 15%, from P6,538.26 million as of March 31, 2014 to P7,518.83 million as of March 31, 2015. The Group's consolidated equity is divided into P5,889.36 million and P1,629.47 million which is attributable to owners of the Parent Company and NCI, respectively.

With a current ratio and quick ratio at 2.51:1 and 2.36:1, respectively, and with a debt-to-equity ratio and equity-to-asset ratio of 21% and 83%, respectively, the Group remains strong and financially stable.

For the past four years, consolidated total assets increased at an average annual rate of 18.23% or P1,095.56 million a year, while consolidated total liabilities increased at around P274.40 million or 48.09% a year. The significant increase in assets and liabilities in 2013 was mainly due to a bank loan obtained amounting to P800.00 million; while the significant drop in liabilities in 2015 was due to the full settlement of the same bank loan. For the same periods, consolidated total stockholders' equity shows an average annual increase of 15.48% or P821.22 million a year.

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Total Assets	Increase / (Decrease) Amount	Increase / (Decrease) %	Consolidated Total Liabilities	Increase / (Decrease) Amount	Increase / (Decrease) %	Consolidated Net Assets	Increase / (Decrease) Amount	Increase / (Decrease) %
March 31, 2011	P 4,708.38	P -	-	P 474.44	P -	-	P 4,233.94	P -	-
March 31, 2012	5,227.89	519.51	11.03%	501.53	27.09	5.71%	4,726.36	492.42	11.63%
March 31, 2013	7,027.27	1,799.38	34.42%	1,362.72	861.19	171.71%	5,664.55	938.19	19.85%
March 31, 2014	8,053.45	1,026.18	14.60%	1,515.19	152.47	11.19%	6,538.26	873.71	15.42%
March 31, 2015	9,090.88	1,037.43	12.88%	1,572.05	56.86	3.75%	7,518.83	980.57	15.00%
Average		P 1,095.56	18.23%		P 274.40	48.09%		P 821.22	15.48%

The Group's solvency for the past four years has always been favorable. As of March 31, 2015, the Group has P5.78 worth of assets to cover every P1.00 worth of liability.

During the same period of time, the Group remained liquid. As of March 31, 2015, P2.51 worth of current asset is available to cover every P1.00 worth of current liability.

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Total Current Assets	Consolidated Total Current Liabilities	Consolidated Net Current Assets
March 31, 2012	P 2,793.51	P 473.73	P 2,319.78
March 31, 2013	2,946.82	497.30	2,449.52
March 31, 2014	3,046.21	634.27	2,411.94
March 31, 2015	3,804.40	1,516.57	2,287.83

The stability in the Group's financial condition, both in solvency and liquidity, was largely attributed to the Group's consolidated net income each year for the past four years which was always more than enough to provide for the usual annual dividends during the same period of time.

Below is a four-year table which shows the sufficiency of the Group's net income compared to the total cash dividend declared and paid.

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Parent Company Net Income	Cash Dividends	%	Excess of Net Income Over Dividends	%
March 31, 2012	P 741.47	P 311.9	42.1%	P 429.57	57.9%
March 31, 2013	890.86	329.6	37.0%	561.26	63.0%
March 31, 2014	902.82	370.7	41.1%	532.12	58.9%
March 31, 2015	1,078.16	398.5	37.0%	679.66	63.0%
Four year average			40.4%		59.6%

Based on the foregoing around 59.6% of the Group's net income is retained in equity. As a result, the Group's consolidated stockholders equity steadily improved as shown below.

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Stockholders' Equity	Increase / (Decrease)	%
March 31, 2011	P 4,233.94	P -	-
March 31, 2012	4,726.36	492.42	11.63%
March 31, 2013	5,664.55	938.19	19.85%
March 31, 2014	6,538.26	873.71	15.42%
March 31, 2015	7,518.83	980.57	15.00%

As of March 31, 2015, the consolidated total stockholders' equity accounts for 82.71% of the consolidated total assets of the Group. Since 41.85% of the Group's consolidated total assets is current, the Group is able to pay all its liabilities and still have remaining 24.56% consolidated current assets and the whole of its consolidated non-current assets. As expressed in peso amounts, this would mean P2,232.35 million consolidated current assets and P5,286.48 million consolidated non-current assets after paying all liabilities amounting to P1,572.05 million.

(Amounts in Million Philippine Peso)

		Amount	%
Consolidated Total Assets	P	9,090.88	100.00%
Consolidated Current Assets		3,804.40	41.85%
Consolidated Non-current Assets		5,286.48	58.15%
Consolidated Total Liabilities		1,572.05	17.29%
Consolidated Current Assets Net of Consolidated Total Liabilities		2,232.35	24.56%
Consolidated Total Assets Net of Consolidated Total Liabilities		7,518.83	82.71%

Results of Operations

For the fiscal year ending March 31, 2013, consolidated operating income increased to P905.19 million which is higher than the previous year's P663.66 million. On the contrary, other income went down to P158.67 million which was lower compared to the previous year's P191.67 million. The combined effect was a net profit before tax of P1,063.86 million, higher compared to the previous year's P855.33 million. Tax expense for the year was at P173.0 million. Net profit after tax was P890.86 million, out which P800.23 million was attributable to owners of the Parent Company and the balance of P90.63 million to NCI.

For the fiscal year ending March 31, 2014, consolidated operating income was slightly lower at P829.30 million which was lower compared to last year's P905.19 million. Other income, however, recovered and went up to P201.62 million which was higher than the previous year's P158.67 million. The combined effect was a net profit before tax of P1,030.93 million. Tax expense for the year was at P128.11 million. Net profit after tax was at P902.82 million, out which P855.02 million was attributable to owners of the parent company and the balance of P47.79 million to NCI.

For the fiscal year ending March 31, 2015, consolidated operating income reached P1,005.59 million, a 21.26% improvement from last year's P829.30 million. Likewise, other income showed a 10.43% improvement as it reached P222.62 this year compared to last year's P201.62 million. With both income sources generating positive growth, net profit before tax reached P1,228.24 million, a 19.14% increase from last year's P1,030.93 million. Tax expense for the current year is at P150.08 million; while the net income after tax was at P1,078.16 million. This year's final figure shows a significant improvement in net income of 19.14% compared to last year's P902.82 million.

The significant growth in this years consolidated operating income is primarily attributable to the commencement of commercial operations of East Asia Computer Center, Inc. (EACCI). It operates the FEU Institute of Technology (FEU Tech) starting on the first term of School Year (S.Y.) 2014-2015.

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Operating Income	Periodic Increase / (Decrease)		Consolidated Other Income	Periodic Increase / (Decrease)		Consolidated Net Profit Before Tax	Periodic Increase / (Decrease)	
		Amount	%		Amount	%		Amount	%
March 31, 2011	P 596.52	P -	-	P 159.00	P -	-	P 755.52	P -	-
March 31, 2012	663.66	67.14	11.26%	191.67	32.67	20.55%	855.33	99.81	13.21%
March 31, 2013	905.19	241.53	36.39%	158.67	(33.00)	-17.22%	1,063.86	208.53	24.38%
March 31, 2014	829.30	(75.89)	-8.38%	201.62	42.95	27.07%	1,030.93	(32.93)	-3.10%
March 31, 2015	1,005.59	176.29	21.26%	222.65	21.03	10.43%	1,228.24	197.31	19.14%
Four-year Average	P 850.94	P 102.27	15.13%	P 193.65	P 15.91	10.21%	P 1,044.59	P 118.18	13.41%

Still based on the last four fiscal years, Consolidated Net Profit Before Tax is averaging at P1,044.59 million annually. Average contribution based on the same four-year period coming from Operating Income and Other Income amounts to P850.94 million and P193.65 million.

The significant contribution of Operating Income to the Consolidated Net Profit Before Tax is due to the effective control of Costs and Operating Expenses which posted an average annual increase of only 4.41%, or P69.42 million, based on the same four-year period. The average annual increase in revenue reached 7.59%, or P171.69 million, which is well above the average annual increase in cost and operating expenses based on the same four-year period (refer to the succeeding table). Such trend highlights the efficiency of the Groups business operations.

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Operating Revenue	Periodic Increase / (Decrease)		Consolidated Costs and Operating Expenses	Periodic Increase / (Decrease)		Consolidated Operating Income	Periodic Increase / (Decrease)	
		Amount	%		Amount	%		Amount	%
March 31, 2011	P 2,091.72	P -	-	P 1,495.20	P -	-	P 596.52	P -	-
March 31, 2012	2,225.81	134.09	6.41%	1,562.15	66.95	4.48%	663.66	67.14	11.26%
March 31, 2013	2,531.09	305.28	13.72%	1,625.89	63.74	4.08%	905.20	241.54	36.40%
March 31, 2014	2,448.19	(82.90)	-3.28%	1,618.89	(7.00)	-0.43%	829.30	(75.90)	-8.38%
March 31, 2015	2,778.47	330.28	13.49	1,772.88	153.99	9.51%	1,005.59	176.29	21.26%
Four-year Average	P 2,495.89	P 171.69	7.59%	P 1,644.95	P 69.42	4.41%	P 850.94	P 102.27	15.13%

A Look at What Lies Ahead

Moving forward, continuous cost efficiency will have to prevail.

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Tuition and Other School Fees	%	Rental Income	%	Manageme nt Fee	%	Sale of Real Estate	%	Others	%	Total Revenue	%
March 31, 2012	P2,064.70	92.77%	P 92.89	4.17%	P 47.86	2.15%	P 16.50	0.74%	P 3.86	0.17%	P2,225.81	100%
March 31, 2013	2,196.98	86.80%	89.32	3.53%	55.36	2.19%	184.43	7.28%	4.99	0.20%	2,531.09	100%
March 31, 2014	2,282.17	93.22%	98.41	4.02%	55.36	2.26%	-	-	12.25	0.50%	2,448.19	100%
March 31, 2015	2,612.00	94.00%	117.94	4.25%	43.49	1.57%	-	-	5.04	0.18%	2,778.47	100%
Average	P2,288.96	91.70%	P 99.64	3.99%	P 50.52	2.04%	P 50.23	2.00%	P 6.54	0.27%	P2,495.89	100%

Group enrollment is expected to be flat for S.Y. 2015-2016 due to various courses offering across the member schools and continuous academic excellence aspirations resulting in stricter admission and retention polcies.

Fully aware of the importance to maintain a satisfactory level of enrollment, the Group is committed to continue to uplift the academic standards in its different schools even more. This will be done through continuously updating of curricula, strengthening faculty competency, improving services to students and providing the best educational facilities. With a reasonable tuition fee hike, the Group is confident that it will maintain its market share in the industry. Further, with the continuous effective and efficient management of its schools and other entities within the Group, it expects to have a reasonable growth, or at least to maintain, its consolidated net income level.

Top Five (5) Key Performance Indicators

I. Test of Liquidity

Liquidity refers to the Group's ability to pay its short-term current liabilities as they fall due. This is measured by any of the following:

1) Current ratio measures the number of times that the current liabilities could be paid with the available current assets (Adequate: at least 1.5:1)

As of March 31			
2015	2014	2013	2012
2.51 : 1	4.80 : 1	5.93 : 1	5.90 : 1

2) Quick ratio measures the number of times that the current liabilities could be paid with the available quick assets (Adequate: at least 1:1)

As of March 31			
2015	2014	2013	2012
2.36 : 1	4.45 : 1	5.64 : 1	5.57 : 1

II. Test of Solvency

Solvency refers to the Group's ability to pay all its debts whether such liabilities are current or non-current. It is somewhat similar to liquidity, except that solvency involves a longer time horizon. This is measured by any of the following:

1) Debt-to-equity ratio measures the amount of assets provided by the creditors relative to that provided by the owner (Adequate : 100% or less)

As of March 31			
2015	2014	2013	2012
21%	23%	24%	11%

2) Debt-to-asset ratio measures the amount of assets provided by the creditors relative to the total amount of assets of the Group. (Adequate: 50% or less)

As of March 31			
2015	2014	2013	2012
17%	19%	19%	10%

3) Equity-to-asset ratio measures the amount of assets provided by the owner relative to the total assets of the Group (Adequate: 50% or more)

As of March 31			
2015	2014	2013	2012
83%	81%	81%	90%

III. Test of Profitability

Profitability refers to the Group's earning capacity. It also refers to the Group's ability to earn a reasonable amount of income in relation to its total investment. It is measured by any of the following:

1) Return on total assets measures how well management has used its assets under its control to generate income (Adequate: at least equal to the prevailing industry rate).

As of March 31			
2015	2014	2013	2012
12%	11%	13%	14%

2) Return on owner's equity measures how much was earned on the owners' or stockholders' investment. (Adequate: at least equal to the prevailing industry rate).

As of March 31			
2015	2014	2013	2012
14%	14%	16%	16%

3) Earnings per share measure the net income per share.

As of March 31			
2015	2014	2013	2012
P 62.48*	P 51.89*	P 48.57*	P 52.38

***** *As restated after giving retrospective effect on the stock dividend declared on July 15, 2014. Retrospective adjustment is made to the earliest period presented on the Group's consolidated financial statements as of and for the period ended March 31, 2015.*

IV. Product Standards

- **FEU – Manila *(operated by FEU or the University)***

  1) Teaching performance is constantly being monitored to maintain a superior level of quality. Various incentives are given to our faculty for teaching excellence.

  2) The Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) has granted Certificates of Level III Reaccredited Status from April 2011 to April 2016 to the following programs:

     - ***Bachelor of Arts in Mass Communications***
     - ***Bachelor of Science in Business Administration major in:***
       - *Business Economics*
       - *Financial Management*
       - *Marketing Management*
       - *Human Resource Development Management*
       - *Operations Management*
       - *Business Management*
       - *Internal Auditing*
       - *Legal Management*

     Similarly, PACUCOA granted Level III Reaccredited Status from April 2011 to April 2015 to the following programs:

     - ***Bachelor of Science in Accountancy***
     - ***Bachelor of Science in Applied Math major in IT***
     - ***Bachelor of Science in Biology***
     - ***Bachelor of Science in Psychology***
     - ***Bachelor of Elementary Education***
     - ***Bachelor of Secondary Education***

     Also, PACUCOA has granted Level 1 status from June 2014 to 2017 to the following programs:

     - ***Master of Arts in Psychology***
     - ***Master of Arts in Education***
     - ***Doctor of Education***

PACUCOA has granted Candidate status from October 2014 to October 2016 to the following programs:

- ***Bachelor of Arts in English Language***
- ***Bachelor of Arts in Literature***
- ***Bachelor of Arts in Political Science***
- ***Bachelor of Science in Hotel and Restaurant Management***

The Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) granted Level II Reaccredited Status to ***Bachelor of Science in Nursing*** program until 2015.

Performance of FEU graduates in their respective Professional Licensure Examinations is generally better than national passing rates. The following are the highlights of FEU performance in the recent board examinations:

- **3rd Top Performing School in the March 2015 Licensure Examination for Medical Technologists (with a Passing Percentage of 88.64% and 177 passers)**

Top Performance of Individual Graduates:

- ***Architecture, October 2014 - 8th Place***
- ***Education, March 2015 - 7th Place***
- ***Nursing, May 2015 - 9th Place***
- ***Architecture, June 2015 - 9th Place***

- **FEU Institute of Technology *(operated by EACCI)***

FEU Tech continuous to strive to remain as among the best educational institutions providing quality education in the fields of Engineering and Information Technology. As a testament to this, the Commission on Higher Education cited FEU Tech's ***Information Technology*** program as a Center of Development until December 2015.

Also, the PAASCU granted Level II Accredited Status to ***Information Technology*** and ***Computer Science*** programs until May 2020, while Level I Accredited Status is granted to ***Computer Engineering*** and ***Civil Engineering*** programs until May 2018.

Graduates of FEU Tech showcased impressive performances in their respective Professional Licensure Examinations as the results garnered are generally higher than national passing rates. The following are the highlights of FEU Tech's performance in the recent board examinations:

Top Performance of Individual Graduates:

- ***Electronics Engineering, April 2015 - 10th Place***
- ***Electrical Engineering, April 2015 - 3th , 4th and 9th Places***
- ***Civil Engineering, May 2015 - 3th , 7th and 8th Places***

- **FEU – Cavite *(operated by FECSI)***

  FEU-Cavite has been granted the permit to offer pre-school, grade school and high school under its Basic Education Department and various college programs under its Higher Education Department. Over the past few years, it continuous to improve as among the most preferred school's in Cavite and nearby localities.

  Like any other schools of the Group, FEU-Cavite is operated and managed in line with FEU's quality standards and best practice.

- **FEU Alabang and FEU High School *(to be operated by FEU Alabang, Inc. and FEU High School, Inc.)***

  FEU Alabang, Inc. and FEU High School, Inc. are both established to operate as educational institutions and will start operations upon approval by the concerned government regulatory agencies of its applications for necessary permits and licenses to operate as such.

  Planned course offerings and services, and management of such entities are likewise aligned in accordance with FEU quality standards and best practices.

V. Market Acceptability

- **FEU – Manila *(Main Campus)***

  Despite certain economic challenges, the University's population remained steady as reflected in its substantial enrollment level at each start of academic year for the last five years. Further, the number of valedictorians, salutatorians and entrance merit scholars who are choosing to study at FEU is a testament that the University is among the best options among the various colleges and universities in the metropolis.

For S.Y. 2014-2015, however, Entrance Scholarship was merged with the University's Entrance Merit Scholarship program. This is in the light of further strengthening and raising the academic qualification of scholarship grantees. With this, the number of scholarships granted significantly decreased. To balance academic quality and social responsibility, still, the University is in the process of studying other possible means of providing financial assistance to its deserving students. Despite the said decrease in entrance scholars, the University almost maintained its enrollment levels; a strong indication of FEU's acceptability as among the best educational institutions that provide quality education to students.

Below is the trend of the University's first semester enrollment for the past five years.

School Year	No. of Students	Increase / (Decrease)
2011 – 2012	26,962	-
2012 – 2013	29,580	2,618
2013 – 2014	28,970	(610)
2014 - 2015	27,956	(1,014)
2015 - 2016	26,752	(1,204)

Below is the summary of the total Entrance and Entrance Merit Scholars for the University for the past five years.

	No. of Students		
School Year	Entrance Scholarship	Entrance Merit Scholarship	Total
2011 – 2012	1,475	230	1,705
2012 – 2013	1,599	256	1,855
2013 – 2014	1,433	253	1,686
2014 - 2015	-	462	462

- ***FEU Institute of Technology***

In April 2014, FEU Tech started to accept enrollees for S.Y. 2014-2015. Classes started on July 14, 2014, which also marked the commencement of operations of EACCI, which operates under the trade name FEU Institute of Technology.

Its first S.Y. went well in terms of student population. Presented below is the student enrollment for the three terms during the S.Y. 2014–2015.

	First Term	**Second Term**	**Third Term**
No. of students enrolled	3,017	2,685	2,481

With enrollment still on-going, enrollment already hit 5,053 students to open the first term of S.Y. 2015-2016.

- ***FEU-Cavite***

FEU-Cavite's enrollment level on HED has steadily improved over the years. Despite a minimal drop in its enrollment, FECSI's BED remains at competitive levels over the past few years. Presented below is the first semester (for HED) and basic education program enrollment of FECSI from 2011 to 2015.

	HED (First Semester)		**BED**	
School Year	**Enrollment**	**Increase / (Decrease)**	**Enrollment**	**Increase / (Decrease)**
2011 – 2012	284	-	455	-
2012 – 2013	460	176	518	63
2013 – 2014	772	312	456	(62)
2014 - 2015	898	126	395	(61)
2015 - 2016	1,128	230	358	(37)

With overall enrollments steadily at competitive levels, residents of Cavite and its nearby localities now consider FEU-Cavite as among the best choices among schools in the area that provide excellent quality college and basic education to students.

FORMULA USED:

I. Liquidity

1 Current ratio = $\dfrac{\text{Current assets}}{\text{Current liabilities}}$

2 Acid test ratio = $\dfrac{\text{Quick assets}}{\text{Current liabilities}}$

II. Solvency

1 Debt to Equity ratio = $\dfrac{\text{Total liabilities}}{\text{Total equity}}$

2 Debt to Asset ratio = $\dfrac{\text{Total liabilities}}{\text{Total assets}}$

3 Equity to Asset ratio = $\dfrac{\text{Total equity}}{\text{Total assets}}$

III. Profitability

1 Return on assets = $\dfrac{\text{Net profit}}{\text{Total assets}}$

2 Return on owner's equity = $\dfrac{\text{Net profit}}{\text{Total equity}}$

3 Earnings per share = $\dfrac{\text{Net profit}}{\text{Weighted average outstanding shares}}$

FACTS (Based on Consolidated Balances):

(Amounts in Million Philippine Pesos)

	March 31			
	2015	**2014**	**2013**	**2012**
FINANCIAL POSITION				
Assets:				
Quick assets*	P 3,575.68	P 2,823.15	P 2,804.81	P 2,6383.93
Current assets	3,804.40	3,046.21	2,946,82	2,793.51
Non-current asset	5,286.48	5,007.24	4,080.45	2,434.38
Total assets	9,090.88	8,053.45	7,027.27	5,227.89
Liabilities:				
Current liabilities	P 1,516.57	P 634.27	P 497.30	P 473.73
Non-current liabilities	55.48	880.92	865.42	27.80
Total liabilities	1,572.05	1,515.19	1,362.72	501.53
Equity:				
Total equity	P 7,518.83	P 6,538.26	P 5,664.55	P 4,726.36
• Attributable to owners of the Parent Company	5,889.36	5,158.54	4,811.87	4,245.05
• Non-controlling interest	1,629.47	1,379.72	852.68	481.30
RESULTS OF OPERATIONS				
Net Profit:				
Operating profit	P 1,005.59	P 829.30	P 905.19	P 663.66
Other income	222.65	201.62	158.67	191.67
Net profit before tax	1,228.24	1,031.93	1,063.86	855.33
Net profit after tax	1,078.16	902.82	890.86	741.47
• Attributable to owners of the Parent Company	1,028.97	855.02	800.23	719.30
• Non-controlling interest	49.19	47.79	90.63	22.17
Other Comprehensive Income:				
Other comprehensive income	P 94.32	(P 137.61)	P 96.14	P 62.90
Total comprehensive income	1,172.49	765.21	987.00	804.37

* *Quick assets include Cash and Cash Equivalents, Trade and Other Receivables – net (under Current Assets), Financial Assets at Fair Value Through Profit or Loss, Available-for-Sale Financial Assets (under Current Assets) and Short-term Investment which is included as part of Other Current Assets – net (see* ***Note 13 of the Consolidated Financial Statements****).*

FACTS (Based on Consolidated Balances):

	(Amounts in Philippine Peso and In Absolute Value Unless Otherwise Indicated)			
	March 31			
	2015	**2014**	**2013**	**2012**
OTHERS:				
Weighted average number of shares outstanding	16,468,304*	16,477,023*	16,477,023*	13,731,303
Earnings per share	P 62.48	P 51.89	P 48.57	P 52.38

***** *As restated after giving retrospective effect on the stock dividend declared on July 15, 2014. Retrospective adjustment is made to the earliest period presented on the Group's consolidated financial statements as of and for the period ended March 31, 2015.*

Other Items

1. The current economic condition remains stable for both the clientele and educational institutions; however, certain economic factors are still expected to affect the sales, revenues and income from the Group's operations.

2. There are no known events that would result in any default or acceleration of an obligation.

3. There are no known events that will trigger direct or contingent financial obligation that may be material to the Group.

4. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

5. The Group does not foresee any cash flow or liquidity problem in the next 12 months immediately following the report date. The Group and each of the component entities can easily meet all its commitments with its present reserves and expected earnings.

6. There are no significant elements of income or loss from continuing operations.

7. There are no sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction.

8. FEU Makati Campus, which was opened in June 2010 and strategically located at the heart of the Makati Central Business District, continuous to offer undergraduate business courses. Further, FEU Makati offers graduate programs for business and also houses FEU's Institute of Law.
   For the fiscal year ending March 31, 2015, FEU Makati generates Educational Income and Other Income amounting to P152.4 million and P0.1 million, respectively. Efficient operations keep operating expenses at a manageable level of P23.6 million, which eventually yielded a net income of P128.9 million.

9. In January 2013, FEU established its new subsidiary FEU Alabang, Inc. The new subsidiary will operate as an educational institution and will serve its market within its vicinity and nearby communities. As of March 31, 2015, FEU Alabang, Inc. has not yet commenced its normal operations and still in its pre-operating stage.

10. During the current fiscal year, EACCI, under the trade name FEU Institute of Technology (FEU Tech), started its operations with 3,017 students for the first term of S.Y. 2014-2015. FEU Tech offers various engineering and computer courses.

11. Seasonal aspects that has material effect on financial statements:

    For FEU-Manila and FEU-Cavite, there are three school terms within a fiscal year: Summer Term (April to May), First Semester (June to October) and Second Semester (November to March). The first semester has the highest number of students enrolled. The second semester enrollment is approximately at 90% of the first semester's enrollment, while the summer term is the lowest at an approximate of 33%. The maximum load, in terms of subject units, of a student during the summer term is only nine units compared to 21 to 24 units during the first and second semesters.

    For the FEU Institute of Technology, there are three regular terms in a fiscal year: First Term (July to October), Second Term (October to February) and Third Term (February to June).

    The tuition fee increase, if any, usually takes effect during the first semester of a particular school year. Thus, old rates are followed during the summer term while new rates are applied during the first and second semesters. Since the first quarter is from April to June, the resulting income for the first quarter is expected to be lowest among the four quarters of the fiscal year. Revenue from tuition and other school fees starts to stabilize during the second to fourth quarter as the first and second semester of the school year commences.

12. The K-12 program of the government is anticipated to have an adverse effect on enrollment, particularly on S.Y. 2016-2017. With the enhancement of the current 10-year basic education program, high school graduates need to undergo the senior high school program for two years starting S.Y. 2016-2017 before being able to move on to the college level. With this, college enrollment is expected to drastically decrease for next five years especially from S.Y. 2017-2018 to S.Y. 2019-2020. Enrollment levels are expected to normalize only on S.Y. 2021-2022.

To cushion the expected impact of K-12, FEU had organized a new subsidiary to offer and conduct enhanced basic education programs, including junior and senior high school, starting on S.Y. 2016-2017. On June 2014, FEU High School, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission with the primary purpose of offering pre-school, grade school and high school education programs and various technical and vocational education and training programs.

With EACCI, now in full operations as an educational institution, the Group is confident of not only maintaining the quality and high standards of its service offerings, but continuing its development for further academic excellence.

13. The Group identifies its operating segments as its three major lines of business namely education, real estate and investment activities.

Also, the Group reports geographical segments in which FEU campuses are located.

(Amounts in Thousand Philippine Peso)

<u>Operating Segments by Line of Business:</u>

		Real Estate			
	Education	**Rental**	**Sale of Properties**	**Investment**	**Total**
Revenues	P 2,611,998	P 205,965	P -	P 221,597	P 3,039,560
Costs and operating expenses	1,696,965	82,370	-	421	1,779,756
Operating income	P 915,033	P 123,595	P -	P 221,176	P 1,259,804
Assets	P 3,597,320	P 2,523,488	P -	P 3,101,145	P 9,416,287
Liabilities	1,536,648	55,035	-	857	1,592,540

Operating Segments by Geographical Location:

	Manila	**Makati**	**Cavite**	**Total**
Revenues	P 2,801,940	P 160,838	P 76,782	P 3,039,560
Costs and operating expenses	1,694,873	23,684	61,199	1,779,756
Operating income	P 1,107,067	P 137,154	P 15,583	P 1,259,804
Assets	P 9,274,542	P 72,719	P 69,026	P 9,416,287
Liabilities	1,575,597	9,782	7,161	1,592,540

(Amounts in Thousand Philippine Peso)

Reconciliation of Segment Information to Financial Information in the Consolidated Financial Statements:

	Amounts per Segment	Reconciling Items	Amounts per Consolidated Financial Statements
Revenues	P 3,039,560	(P 261,093)	P 2,778,467
Costs and operating expenses	1,779,756	(6,875)	1,772,881
Operating income	P 1,259,804	(P 254,218)	P 1,005,586
Assets	P 9,416,287	(P 325,408)	P 9,090,879
Liabilities	1,592,540	(20,491)	1,572,049

Item 7. Financial Statements

The Financial Statements including the applicable schedules listed in the accompanying index to financial statements and supplementary schedules are filed as part of this form I7 - A.

FAR EASTERN UNIVERSITY

P.O. BOX 609 MANILA, PHILIPPINES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **The Far Eastern University, Inc.** (the Company), is responsible for the preparation and fair presentation of the financial statements for the years ended March 31, 2015 and 2014, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Reconciliation of Retained Earnings Available for Dividend Declaration
c. Schedule of PFRS Effective as of March 31, 2015
d. Schedule of Financial Indicators for March 31, 2015 and 2014
e. Map Showing the Relationship Between and Among the Company and its Related Entities

Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees reviews and approves the financial statements, and the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing and, and in its report to the Board of Trustees and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

AURELIO R. MONTINOLA III
Chair, Board of Trustees and
Chief Executive Officer

MICHAEL M. ALBA
President and Chief
Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSRIBED AND SWORN to before me this 14th day of July 2015, affiants exhibiting their Tax Identification Numbers as follows:

Name	TIN	Place Issued
Aurelio R. Montinola III	135-558-086	Philippines
Michael M. Alba	157-483-273	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines

NOTARY PUBLIC

ENRICO G. GILERA
Notary Public for Manila
Until December 2015
PTR No. 3826039; 01.06.2015; Manila
IBP No. 0981804; 01.05.2015; PPLM
Roll No. 35145; May 27, 1988
Compliance No. IV 0017359; April 23, 2013
Unit 403 Doña Consuelo Bldg.,
929 Nicanor Reyes St, Manila
Tel. No. 736-4975

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Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors

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The Board of Trustees and the Stockholders
The Far Eastern University, Incorporated
Nicanor Reyes, Sr. Street
Sampaloc, Manila

Report on the Financial Statements

We have audited the accompanying financial statements of The Far Eastern University, Incorporated, which comprise the statements of financial position as at March 31, 2015, 2014 and 2013, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Far Eastern University, Incorporated as at March 31, 2015, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended March 31, 2015 required by the Bureau of Internal Revenue as disclosed in Note 29 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the University's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 4748302, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 1185-AR-1 (until May 11, 2018)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-34-2014 (until Aug. 5, 2017)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

June 16, 2015

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	7	**P 423,710,674**	P 215,797,069	P 195,608,838
Receivables - net	8	**362,255,258**	304,492,740	327,223,560
Financial asset at fair value through profit or loss	9	**340,800**	-	18,629,900
Available-for-sale financial assets	10	**2,045,219,220**	1,765,336,184	1,652,448,209
Other current assets - net	11	**37,644,559**	125,300,134	358,070,792
Total Current Assets		**2,869,170,511**	2,410,926,127	2,551,981,299
NON-CURRENT ASSETS				
Available-for-sale financial assets	10	**422,640,557**	543,627,512	367,039,668
Investments in subsidiaries, an associate and a joint venture - net	12	**282,151,794**	277,313,364	187,313,364
Investment properties - net	13	**1,428,992,923**	1,625,829,530	1,586,241,963
Property and equipment - net	14	**1,742,296,553**	1,339,032,992	1,123,615,852
Refundable deposits	4	**4,377,630**	3,929,796	3,929,796
Deferred tax assets - net	22	**5,402,624**	3,356,317	8,747,720
Total Non-current Assets		**3,885,862,081**	3,793,089,511	3,276,888,363
TOTAL ASSETS		**P 6,755,032,592**	P 6,204,015,638	P 5,828,869,662
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	15	**P 565,511,814**	P 465,051,393	P 424,007,788
Interest-bearing loan	16	**676,923,077**	-	-
Derivative liability	9	**-**	14,433,500	-
Unearned tuition fees	17	**-**	11,302,985	-
Income tax payable		**7,906,911**	6,600,139	10,204,672
Total Current Liabilities		**1,250,341,802**	497,388,017	434,212,460
NON-CURRENT LIABILITY				
Interest-bearing loan	16	**-**	800,000,000	800,000,000
Total Liabilities		**1,250,341,802**	1,297,388,017	1,234,212,460
EQUITY				
Capital stock	24	**1,651,435,400**	1,376,863,400	1,376,863,400
Treasury stock - at cost	24	**(3,733,100)**	(3,733,100)	(3,733,100)
Revaluation reserves	10	**136,226,540**	41,973,971	179,511,293
Retained earnings	24	**3,720,761,950**	3,491,523,350	3,042,015,609
Total Equity		**5,504,690,790**	4,906,627,621	4,594,657,202
TOTAL LIABILITIES AND EQUITY		**P 6,755,032,592**	P 6,204,015,638	P 5,828,869,662

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
EDUCATIONAL REVENUES	17			
Tuition fees - net		**P 2,237,608,807**	P 2,166,519,015	P 2,108,685,663
Other school fees		**50,078,412**	51,253,152	46,911,603
		2,287,687,219	2,217,772,167	2,155,597,266
OPERATING EXPENSES	18	**1,674,089,299**	1,609,907,452	1,567,116,134
OPERATING PROFIT		**613,597,920**	607,864,715	588,481,132
FINANCE INCOME	19	**267,390,953**	217,230,838	246,168,491
OTHER INCOME	20	**151,877,198**	142,083,174	169,092,094
FINANCE COSTS	19	**(49,456,166)**	(34,306,448)	(100,921,458)
PROFIT BEFORE TAX		**983,409,905**	932,872,279	902,820,259
TAX EXPENSE	22	**117,045,333**	112,619,357	116,883,893
NET PROFIT		**P 866,364,572**	P 820,252,922	P 785,936,366
Earnings Per Share				
Basic and Diluted	25	**P 52.58**	P 49.78	P 47.70

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Note	2015	2014	2013
NET PROFIT		**P 866,364,572**	P 820,252,922	P 785,936,366
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Fair value gains (losses) on available-for-sale financial assets - net of tax	10			
Fair value gains during the year		**180,878,737**	44,492,889	126,382,100
Fair value gains reclassified to profit or loss		**(86,626,168)**	(182,030,211)	(30,420,305)
Other Comprehensive Income (Loss) - Net of tax		**94,252,569**	(137,537,322)	95,961,795
TOTAL COMPREHENSIVE INCOME		**P 960,617,141**	P 682,715,600	P 881,898,161

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Total Equity
Balance at April 1, 2014		P 1,376,863,400	(P 3,733,100)	P 41,973,971	P 2,055,433,100	P 1,436,090,250	P 3,491,523,350	P 4,906,627,621
Transactions with owners								
Stock dividend	24	274,572,000	-	-	-	(274,572,000)	(274,572,000)	-
Cash dividends	24	-	-	-	-	(362,553,972)	(362,553,972)	(362,553,972)
		274,572,000	-	-	-	(637,125,972)	(637,125,972)	(362,553,972)
Appropriations of retained earnings								
Appropriations for the year	24	-	-	-	35,800,000	(35,800,000)	-	-
Reversal of appropriations during the year	24	-	-	-	(56,730,000)	56,730,000	-	-
		-	-	-	(20,930,000)	20,930,000	-	-
Total comprehensive income								
Net profit for the year		-	-	-	-	866,364,572	866,364,572	866,364,572
Other comprehensive income	10	-	-	94,252,569	-	-	-	94,252,569
		-	-	94,252,569	-	866,364,572	866,364,572	960,617,141
Balance at March 31, 2015		**P 1,651,435,400**	**(P 3,733,100)**	**P 136,226,540**	**P 2,034,503,100**	**P 1,686,258,850**	**P 3,720,761,950**	**P 5,504,690,790**
Balance at April 1, 2013		P 1,376,863,400	(P 3,733,100)	P 179,511,293	P 1,628,733,100	P 1,413,282,509	P 3,042,015,609	P 4,594,657,202
Transaction with owners								
Cash dividends	24	-	-	-	-	(370,745,181)	(370,745,181)	(370,745,181)
Appropriations of retained earnings								
Appropriations for the year	24	-	-	-	432,500,000	(432,500,000)	-	-
Reversal of appropriations during the year	24	-	-	-	(5,800,000)	5,800,000	-	-
		-	-	-	426,700,000	(426,700,000)	-	-
Total comprehensive income								
Net profit for the year		-	-	-	-	820,252,922	820,252,922	820,252,922
Other comprehensive loss	10	-	-	(137,537,322)	-	-	-	(137,537,322)
		-	-	(137,537,322)	-	820,252,922	820,252,922	682,715,600
Balance at March 31, 2014		P 1,376,863,400	(P 3,733,100)	P 41,973,971	P 2,055,433,100	P 1,436,090,250	P 3,491,523,350	P 4,906,627,621

	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Total Equity
Balance at April 1, 2012		P 1,376,863,400	(P 3,733,100)	P 83,549,498	P 1,718,503,100	P 867,127,415	P 2,585,630,515	P 4,042,310,313
Transaction with owners								
Cash dividends	24	-	-	-	-	(329,551,272)	(329,551,272)	(329,551,272)
Appropriations of retained earnings								
Appropriations for the year	24	-	-	-	120,230,000	(120,230,000)	-	-
Reversal of appropriations during the year	24	-	-	-	(210,000,000)	210,000,000	-	-
		-	-	-	(89,770,000)	89,770,000	-	-
Total comprehensive income								
Net profit for the year		-	-	-	-	785,936,366	785,936,366	785,936,366
Other comprehensive income	10	-	-	95,961,795	-	-	-	95,961,795
		-	-	95,961,795	-	785,936,366	785,936,366	881,898,161
Balance at March 31, 2013		P 1,376,863,400	(P 3,733,100)	P 179,511,293	P 1,628,733,100	P 1,413,282,509	P 3,042,015,609	P 4,594,657,202

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 983,409,905	P 932,872,279	P 902,820,259
Adjustments for:				
Depreciation and amortization	18	161,002,376	133,536,586	98,965,895
Interest income	19	(106,424,225)	(120,124,411)	(170,721,965)
Other investment income from available-for-sale financial assets	19	(89,197,997)	(78,677,681)	(56,816,626)
Dividend income	19, 23	(56,994,431)	-	-
Impairment loss on trade receivables	18	42,999,417	38,946,542	50,312,208
Interest expense	19	34,526,774	288,784	-
Unrealized foreign exchange loss (gain) - net	19	14,929,392	(18,515,409)	10,765,731
Fair value loss (gain) on financial asset at fair value through profit or loss	19	(14,774,300)	33,063,400	(18,629,900)
Reversal of impairment loss on investment in a subsidiary	20	(2,338,930)	-	-
Impairment loss on receivables from related parties	19	-	954,264	83,905,727
Impairment loss on investments in a joint venture	20	-	-	6,250,000
Operating profit before working capital changes		967,137,981	922,344,354	906,851,329
Increase in receivables		(99,669,956)	(17,169,986)	(318,050,058)
Decrease (increase) in other current assets		82,043,796	226,130,231	(338,806,618)
Increase (decrease) in trade and other payables		110,604,932	20,231,518	(7,857,874)
Increase in refundable deposits		(447,834)	-	-
Increase (decrease) in unearned tuition fees		(11,302,985)	11,302,985	(31,922,493)
Cash generated from operations		1,048,365,934	1,162,839,102	210,214,286
Interest received		7,575,467	1,434,761	23,330,090
Income taxes paid		(111,184,729)	(98,760,097)	(137,352,061)
Net Cash From Operating Activities		944,756,672	1,065,513,766	96,192,315
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	14	(325,275,001)	(329,369,759)	(264,494,072)
Interest received		185,966,416	191,935,367	204,208,501
Net disposal (acquisitions) of available-for-sale financial assets	10	(79,220,812)	(408,584,395)	227,042,858
Dividend income	23	56,994,431	-	-
Acquisitions of investment properties	13	(42,154,329)	(28,434,478)	(1,440,114,100)
Additional investments in subsidiaries	12	(2,499,500)	(90,000,000)	(46,249,875)
Collection of advances to a related party	23	-	-	465,156,538
Collection of loans receivable	23	-	-	55,200,000
Advances made to related parties	23	-	-	(3,470,384)
Net Cash Used in Investing Activities		(206,188,795)	(664,453,265)	(802,720,534)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	24	(373,092,569)	(349,933,094)	(312,088,083)
Proceeds from (repayment of) interest-bearing loan	16	(123,076,923)	-	800,000,000
Interest paid	16	(34,132,688)	(31,025,840)	(7,579,000)
Net Cash From (Used in) Financing Activities		(530,302,180)	(380,958,934)	480,332,917
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(352,092)	86,664	(42,731)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		207,913,605	20,188,231	(226,238,033)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		215,797,069	195,608,838	421,846,871
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 423,710,674	P 215,797,069	P 195,608,838

Supplemental Information on Noncash Operating, Investing and Financing Activities:

1) In 2015, 2014 and 2013, the University declared cash dividends totaling P362.6 million, P370.7 million and P329.6 million, respectively, of which, P6.0 million, P20.8 million and P17.5 million, respectively, were not paid in the year of declaration (see Note 24).

2) In 2015, certain land and buildings and improvements amounting to P205.2 million were reclassified from the Investment Property account to the Property and Equipment account; while in 2014, certain building and improvements amounting to P12.9 million was reclassified from the Property and Equipment accou to the Investment Property account (see Notes 13 and 14).

3) In 2015, the University declared and issued stock dividend of P274.6 million (see Note 24).

4) In 2014 and 2013, the University capitalized borrowing costs amounting to P30.7 million and P7.6 million, respectively (see Notes 13 and 16).

5) In 2013, the University paid portion of its subscription payable to East Asia Computer College, Inc. through offsetting of advances amounting to P7.5 million (see Notes 12 and 23).

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

The Far Eastern University, Incorporated (the University or FEU) is a domestic educational institution founded in June 1928 and was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 27, 1933. On October 27, 1983, the University extended its corporate life to another 50 years. It became a listed corporation in the Philippine Stock Exchange (PSE) on July 11, 1986.

The University is a private, non-sectarian institution of learning comprising the following different institutes that offer specific courses, namely, Institute of Arts and Sciences; Institute of Accounts, Business and Finance; Institute of Education; Institute of Architecture and Fine Arts; Institute of Nursing; Institute of Tourism and Hotel Management and Institute of Law.

Several programs of FEU, such as Liberal Arts, Business Administration and Education, are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation.

The University also has a branch in Makati which offers Law, Accountancy, Business and Information Technology education.

The registered office address and principal place of business of the University is located at Nicanor Reyes, Sr. Street, Sampaloc, Manila.

The financial statements of the University as of and for the year ended March 31, 2015 (including the comparative financial statements for the years ended March 31, 2014 and 2013) were authorized for issue by the Board of Trustees (BOT) on June 16, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the University have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy (BOA).

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. In 2015, the University started to present the statement of comprehensive income separately from the statement of profit or loss as management deemed it as the more appropriate presentation of the statements for the University. In the same year, the University also grouped certain other income items under the caption Other Income and presented Finance Income and Finance Costs as separate line items in the statements of profit or loss.

The University presents two comparative periods for the statement of financial position regardless whether the University has or does not have retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the University's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the University are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the University operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2015 that are Relevant to the University

In 2015, the University adopted the following amendments and interpretation to PFRS that are relevant to the University and effective for financial statements for the annual period beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets: Recoverable Amount Disclosure for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
PFRS 10, PFRS 12 and PAS 27 (Amendments)	:	Exemption from Consolidation for Investment Entities

Philippine Interpretation
International Financial
Reporting Interpretations
Committee (IFRIC) 21 : Levies

Discussed below and in the succeeding pages is the relevant information about these amended standards and interpretation.

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities*. The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process, will satisfy the criterion for net settlement. As the University does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of PAS 32, the amendment had no material effect on the University's financial statements for any period presented (see Note 5.2).

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosure for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less cost of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement*, such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the financial statements. This amendment did not result in additional disclosures in the financial statements since the recoverable amounts of the University's Investments in Subsidiaries, an Associate and a Joint Venture and Other Current Assets where impairment losses have been recognized were determined based on value-in-use which have been adequately disclosed in accordance with PAS 36 (see Notes 11 and 12).

(iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*. The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the University does not apply hedge accounting on its derivative transactions, the amendment did not have any impact on the University's financial statements.

(iv) PFRS 10, PFRS 12 and PAS 27 (Amendments), *Exemption from Consolidation for Invesment Entities*. The amendments define the term "investment entity" and provide to such an investment entity an exemption from the consolidation of particular subsidiaries and instead require to measure investment in each eligible subsidiary at fair value through profit or loss in accordance with PAS 39, or PFRS 9, *Financial Instruments*, both in its consolidated or separate financial statements, as the case maybe. The amendments also require additional disclosures about the details of the entity's unconsolidated subsidiaries and the nature of its relationship and certain transactions with those subsidiaries. The University has no unconsolidated subsidiaries; hence, the amendments had no material impact on the University's financial statements.

(v) Philippine Interpretation IFRIC 21, *Levies*. This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, for the recognition of a liability for levy imposed by the government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the financial statements as the University's accounting policy with regards to the recognition and measurement of levies imposed by the government remained unchanged.

(b) Effective Subsequent to Fiscal Year 2015 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2015, which are adopted by the FRSC, subject to the approval of the BOA. Management will adopt the following pronouncements in accordance with their transitional provisions, and, unless otherwise stated, none of these are expected to have significant impact on the University's financial statements:

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit.

(ii) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.

(iv) PAS 27 (Amendment), *Separate Financial Statements – Equity Method in Separate Financial Statements* (effective from January 1, 2016). This amendment introduces a third option which permits an entity to account for its investments in subsidiaries, joint ventures and associates under the equity method in its separate financial statements in addition to the current options of accounting those investments at cost or in accordance with PAS 39 or PFRS 9. As of the end of the reporting period, the University has no plan to change the accounting policy for its investments in its subsidiaries, an associate and a joint venture.

(v) PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. This amendment permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.

(vi) PFRS 10 (Amendment), *Consolidated Financial Statements* and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective from January 1, 2016). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vii) PFRS 11 (Amendment), *Joint Arrangements – Accounting for Acquisitions of Interest in Joint Operations* (effective from January 1, 2016). This amendment requires the acquirer of an interest in joint operations in which the activity constitutes a business as defined in PFRS 3 to apply all accounting principles and disclosure and requirements on business combination under PFRS 3 and other PFRSs, except for those principles that conflict with the guidance in PFRS 11.

(viii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The University does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the University and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(ix) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the University but management does not expect those to have material impact on the University's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment.* The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

- PFRS 3 (Amendment), *Business Combinations*. This amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32. It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

- PFRS 8 (Amendment), *Operating Segments*. This amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment in the basis of conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40, or a business combination in accordance with PFRS 3.
- PFRS 3 (Amendment), *Business Combinations*. It clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement under PFRS 11 in the consolidated financial statements of the joint arrangement itself.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

Annual Improvements to PFRS (2012-2014 Cycle)

- PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

- PAS 34 (Amendment), *Interim Financial Reporting*. The amendment clarifies the meaning of disclosure of information "elsewhere in the interim financial report" and requires the inclusion of a cross-reference from the interim financial statements to the location of this referenced information. The amendment also specifies that this information must be available to users of the interim consolidated financial statements on the same terms as the interim consolidated financial statements and at the same time, otherwise the interim consolidated financial statements will be incomplete.

- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

2.3 Separate Financial Statements and Investments in Subsidiaries, an Associate and a Joint Venture

These financial statements are prepared as the University's separate financial statements. The University also prepares consolidated financial statements as required under PFRS and is available for public use.

Subsidiaries are entities (including structured entities) over which the University has control. The University controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and, (iii) it has the ability to affect those returns through its power over the entity.

The University reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

An associate is an entity over which the University is able to exert significant influence but which is neither a subsidiary nor interest in a joint venture.

A joint venture is an entity whose economic activities are controlled jointly by the venturers.

The University's investments in subsidiaries, an associate and a joint venture are accounted for in these separate financial statements at cost, less any impairment loss (see Note 2.14).

2.4 Financial Assets

Financial assets are recognized when the University becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

A more detailed description of the categories of financial assets relevant to the University is as follows:

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at FVTPL upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at FVTPL) may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term.

The University enters into a cross-currency swap agreement to manage its risks associated with fluctuations in foreign currency denominated investments in corporate bonds. The host instruments are classified under AFS financial assets. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is favorable to the University and as liabilities when the fair value is favorable to the counterparty (see Note 2.8). Thus, if derivative asset is recognized, it is presented as Financial Asset at FVTPL; otherwise, it is presented as Derivative Liability in the statements of financial position.

The University's derivative instruments provide economic hedges under the University's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to profit or loss for the period [see Note 3.2(b)].

(b) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the University provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

The University's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Receivables (excluding advances to employees), as part of Other Current Assets, with respect to short-term investments, and Refundable Deposits in the statement of financial position.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment loss, if any. Impairment loss is provided when there is objective evidence that the University will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the profit or loss.

(c) *AFS Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Available-for-sale Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the end of the reporting period.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported in the Revaluation Reserves in the equity section of the statement of financial position, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, except those arising from operating activities relating to financial assets that are recognized in profit or loss, are presented as part of Finance Income or Finance Costs in the statement of profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the University neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the University recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the University retains substantially all the risks and rewards of ownership of a transferred financial asset, the University continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Other Assets

Other current assets pertain to other resources controlled by the University as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the University and the asset has a cost or value that can be measured reliably.

Where future economic benefits are expected to flow to the University beyond one year after the end of the reporting period, these other assets are classified under the non-current category.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.14).

2.6 Property and Equipment

Except for land, which is stated at cost less any impairment in value, property and equipment are stated at cost less accumulated depreciation, amortization and impairment in value, if any.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	20 years
Leasehold improvements	20 years
Furniture and equipment	3 – 6 years
Miscellaneous equipment	5 years

Leasehold improvements are amortized over 20 years regardless of the term of lease contract which is usually shorter than the expected useful life of the improvements because it is highly probable that the lease contract will be renewed before the end of such contract [see Note 3.1(b)].

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.14).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.7 Investment Properties

Investment properties are measured initially at acquisition cost. Subsequently, investment properties, except land, are carried at cost less accumulated depreciation and impairment in value, if any. Depreciation of investment properties, which consist of building and improvements, is computed using the straight-line method over its estimated useful life of 20 years. Land is carried at cost less impairment in value, if any.

Investment properties include construction in progress which represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.18) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Transfers are made to and from investment property when, and only when, there is a change in use, evidenced by the end or commencement of owner-managed, commencement of an operating lease to another party, by the end of construction or development, or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the University accounts for such property in accordance with the policy stated under Property and Equipment up to the date of change in use (see Note 2.6).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.14).

2.8 Financial Liabilities

Financial liabilities, which include, interest-bearing loan, trade and other payables [except tax-related liabilities and National Service Training Program (NSTP) trust fund] and derivative liability, are recognized when the University becomes a party to the contractual terms of the instrument.

Interest-bearing loan is availed to fund the establishment of the new campus to be leased out by the University to a subsidiary (see Notes 13 and 16).

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, except derivative liability which are consistently measured at fair value, using the effective interest method for those with maturities beyond one year, less settlement payments.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the University.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period, or the University does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.9 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.10 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the University that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the University can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.11 Revenue and Expense Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the University for services rendered, excluding value-added tax (VAT) and discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the University; and, the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and are presented as Unearned Tuition Fees account in the statement of financial position. Revenues from NSTP trust funds (see Note 2.17) are recognized upon fulfillment of conditions attached to the fund and/or extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as trust funds (liability) recorded as part of the Trade and Other Payables account in the statement of financial position.

(b) *Rental* – Revenue from operating lease is recognized over the lease term using the straight-line method.

(c) *Management fees* – Revenue is recognized on a monthly basis upon rendering of the services.

(d) *Income from sale of books and other educational-related merchandise* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer. This is generally when the customer has acknowledged delivery of goods. The sale of this merchandise is made exclusively for the University's students.

(e) *Interest* – Income is recognized as the interest accrues taking into account the effective yield on the asset.

(f) *Dividends* – Revenue is recognized when the University's right to receive payment is established.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset, on an accrual basis (see Note 2.18).

2.12 Leases

The University accounts for its leases as follows:

(a) *University as Lessee*

Leases which do not transfer to the University substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(b) *University as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

The University determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.13 Foreign Currency Transactions and Translation

The accounting records of the University are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as AFS financial assets are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

2.14 Impairment of Non-financial Assets

The University's investments in subsidiaries, an associate and a joint venture, property and equipment, investment properties and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flows. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the University's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.15 Employee Benefits

The University provides post-employment benefits to employees through a defined contribution plan subject to compliance to a minimum guarantee required by Republic Act (RA) 7641, *The Retirement Pay Law*, which is accounted for as a defined benefit plan, and various compensations mandated by law. Such application of the minimum guarantee prescribed by RA 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of RA 7641*.

(a) Post-employment Benefits

The University maintains a defined contribution plan that covers all regular full-time employees. Under its plan, the University pays fixed contributions based on the employees' monthly salaries. The University, however, is covered by RA 7641, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the University recognizes its post-employment benefit obligation based on the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The University determines the net interest expense (income) on the defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The University recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the University before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The University recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or, (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to present value.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. These are included in Trade and Other Payables account in the statement of financial position at the undiscounted amount that the University expects to pay as a result of the unused entitlement.

2.16 Deposits Payable

This represents funds collected from students or entities that are held by the University. The University has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit. This is presented as Deposits payable which is part of Trade and Other Payables account, under current liabilities in the statement of financial position, as they are normally of a short term in nature.

2.17 Trust Funds

This represents restricted funds of the University that are intended for student's NSTP and other specific educational purposes [see Note 2.11(a)]. The University administers the use of these funds based on the specific purpose such funds are identified with. This is presented as NSTP trust fund under the Trade and Other Payables account in the statement of financial position.

2.18 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

2.19 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the University expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the University has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.20 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the University and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the University; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the University that gives them significant influence over the University and close members of the family of any such individual; and, (d) certain funded retirement plans administered by an organization, through its Retirement Board.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.21 Equity

Capital stock represents the nominal value of shares that have been issued.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the University's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise accumulated gains or losses arising from the revaluation of AFS financial assets.

Retained earnings represent all current and prior period results of operations as reported in the statement of profit or loss, reduced by the amount of dividend declared. The appropriated portion represents the amount which is not available for distribution.

2.22 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit by the weighted average number of shares subscribed and issued during the year after giving retroactive effect to stock dividend declared, stock split and reverse stock split during the current year, if any.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. The University does not have dilutive potential shares outstanding that would require disclosure of diluted earnings per share in the statement of profit or loss.

2.23 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the University's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the University's financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the University's accounting policies, management has made judgments, apart from those involving estimation. These judgments, which are discussed in the succeeding page, have the most significant effect on the amounts recognized in the financial statements.

(a) Evaluating Impairment of AFS Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the University evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the University's AFS Financial Assets, management concluded that the assets are not impaired as at March 31, 2015, 2014 and 2013. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(b) Determining Amortization of Leasehold Improvements

The University's leasehold improvements are amortized over 20 years, which is the estimated useful life of the asset (see Notes 2.6 and 14) regardless of the term of the lease contracts which is usually shorter than the expected useful life of the improvements because it is highly probable that the lease contract will be renewed before the end of such contract. A decision by management not to renew its lease agreement will result in a significant impact on its profit or loss in the period such decision is made.

(c) Distinguishing Investment Properties and Owner-managed Properties

The University determines whether a property qualifies as investment property. In making its judgment, the University considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately under finance lease), the University accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The University considers each property separately in making its judgment.

In 2015, the lease agreement between East Asia Educational Foundation (EAEF) and the University for certain land and building had ceased. Accordingly, the carrying value of the land and building that is being leased out to EAEF were reclassified from the Investment Property account to the Property and Equipment account in the 2015 statement of financial position (see Notes 13 and 14).

(d) Distinguishing Operating and Finance Lease

The University has entered into various lease agreements as either a lessor or a lessee. Judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Currently, all of the University's lease agreements are determined to be operating leases.

(e) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Note 2.10 and relevant disclosures are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimating Impairment of Receivables

The University maintains an allowance for impairment loss on receivables at a level considered adequate to cover probable uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, history of the payment behavior of students and related parties, age of receivables and other external factors affecting the education industry. The University constantly reviews the age and status of receivables and identifies accounts that should be provided with allowance. The carrying value of receivables and the analysis of allowance for impairment on such financial assets are shown in Note 8.

(b) Determining Fair Value Measurement of Financial Assets other than Loans and Receivables

The University carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases where active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the University utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect profit or loss and equity.

The carrying values of the University's AFS Financial Assets and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 10. On the other hand, fair value gains or losses on cross-currency swap agreements are presented as Fair value gain or loss on financial asset at FVTPL under Finance Income or Finance Costs in the statements of profit or loss [see Note 2.4(a)].

(c) *Estimating Useful Lives of Investment Properties and Property and Equipment*

The University estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of investment properties and property and equipment are presented in Notes 13 and 14, respectively. Based on management's assessment as at March 31, 2015, 2014 and 2013, there is no change in the estimated useful lives of the assets during those years. Actual results, however, may vary due to changes in factors mentioned above.

(d) *Determining Fair Value of Investment Properties*

Investment property is measured using the cost model. The fair value disclosed in the financial statements is determined by the University using the discounted cash flows valuation technique when information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property is not readily available. Otherwise, the disclosures on fair values of investment properties are based on appraisal reports prepared by a third party appraiser. The University uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rentals, expected future market rentals, and appropriate discount rates. These valuations are regularly compared to actual to market yield data, and actual transactions by the University and those reported by the market.

The expected future market rentals are determined on the basis of the remaining useful life of the properties being leased out.

(e) *Estimating Impairment of Non-financial Assets*

The University's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.14. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. The management assessed that the full amount of investment in a joint venture previously impaired in prior years is no longer recoverable and thus appropriately written off in 2014 (see Note 12.2). On the other hand, based on management assessment, no impairment loss is required to be recognized on the investment properties, property and equipment, and investments in subsidiaries and an associate in 2015, 2014 and 2013.

(f) *Determining Recoverable Amount of Deferred Tax Assets*

The University reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at March 31, 2015, 2014 and 2013 are fully recoverable because those will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 22.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The University is exposed to certain financial risks in relation to financial instruments. Its main purpose for its dealings in financial instruments is to fund operational and capital expenditures. The BOT has overall responsibility for the establishment and oversight of the University's risk management framework. It has a risk management committee headed by an independent trustee that is responsible for developing and monitoring the University's policies, which address risk management areas. Management is responsible for monitoring compliance with the University's risk management policies and procedures and for reviewing the adequacy of these policies in relation to the risks faced by the University.

The University does not engage in trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the University is exposed to are described in the succeeding paragraphs.

4.1 Market Risk

(a) *Foreign Currency Risk*

Most of the University's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from certain AFS financial assets, which are primarily denominated in U.S. dollars and Euro. The University also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the University's exposure to foreign currency risk, the University entered in a cross-currency swap agreement and keeps the amount of its dollar deposit at a minimum level.

Foreign currency-denominated financial assets, translated into Philippine pesos at the closing rate follow:

	2015		2014		2013	
	U.S. Dollar	Euro	U.S. Dollar	Euro	U.S. Dollar	Euro
Short-term exposure:						
Financial assets	P 581,584	P -	P 88,764	P -	P 3,962,877	P -
Long-term exposure:						
Financial assets	P 289,726,417	P 53,893,716	P 309,044,002	P 68,785,580	P 147,193,807	P 58,496,721

The following table illustrates the sensitivity of the University's profit before tax with respect to changes in Philippine peso against U.S. dollar and Euro exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 68% confidence level.

	2015			2014			2013		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in profit before tax	Effect in equity
PhP - USD	**8.29%**	**(P 48,213)**	**(P 24,018,237)**	20.61%	(P 18,294)	(P63,693,969)	14.25%	(P 564,710)	(P 20,975,118)
PhP - EUR	**52.05%**	**-**	**(28,051,679)**	33.31%	-	(22,912,477)	17.58%	-	(10,283,724)
		(P 48,213)	**(P 52,069,916)**		(P 18,294)	(P86,606,446)		(P 564,710)	(P 31,258,842)

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the University's currency risk.

(b) Interest Rate Risk

The University's exposure to interest rate risk arises from the following interest-bearing financial instruments which are subject to variable interest rates. All other financial assets and liabilities have fixed rates.

	Notes	**2015**	2014	2013
Cash and cash equivalents	7	**P 423,710,674**	P 215,797,069	P 195,608,838
AFS financial assets	10	**1,446,499,583**	1,486,580,783	1,645,490,432
Short term investments	11	**13,629,095**	110,740,446	344,738,279
Interest-bearing loans	16	**(676,923,077)**	(800,000,000)	(800,000,000)
		P 1,206,916,275	P 1,013,118,298	P 1,385,837,549

The following table illustrates the sensitivity of profit before tax for the years with regard to the University's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence. The sensitivity analysis is based on the University's financial instruments held at March 31, 2015, 2014 and 2013.

	2015		2014		2013	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	**+/-0.18%**	**P 762,679**	+/-0.46%	P 992,667	+/-0.41%	P 801,996
AFS financial assets	**+/-3.89%**	**56,268,834**	+/-0.59%	8,770,827	+/-1.16%	19,087,689
Short term investments	**+/-3.89%**	**530,172**	+/-0.59%	653,369	+/-1.16%	3,998,964
Interest-bearing loans	**+/-0.61%**	**(4,129,231)**	+/-0.65%	(5,200,000)	+/-0.93%	(7,440,000)
		P 53,432,454		P 5,216,863		P 16,448,649

(c) Other Price Risk

The University's exposure to price risk arises from its investments in equity securities, which are classified as part of the AFS Financial Assets account in the statement of financial position. These consist of publicly listed equity securities which are carried at fair value.

Management monitors its equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

For equity securities listed in the Philippines, an average volatility of 16.69%, 17.43% and 12.27% has been observed during 2015, 2014 and 2013, respectively. If quoted price for these securities increased or decreased by that amount, other comprehensive income would have changed by P124.3 million, P143.3 million and P45.9 million in 2015, 2014 and 2013, respectively.

No sensitivity analysis was provided for government and corporate bonds, and investments in Unit Investment Trust Fund (UITF) classified as AFS financial assets as management deemed that the risk at the end of the year is not representative of a risk inherent in financial instruments.

The investments are considered medium to long-term strategic investments. In accordance with the University's policies, no specific hedging activities are undertaken in relation to these investments, except as discussed in Notes 9 and 10 in connection with its investment in certain foreign currency denominated corporate debt instruments which are also subject to a cross-currency swap agreement. The investments are continuously monitored to ensure returns of these equity instruments are timely utilized or reinvested in the University's favor.

4.2 Credit Risk

Credit risk represents the loss the University would incur if the counterparty fails to perform its contractual obligations. The credit risk for cash and cash equivalents and AFS financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements. These are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

The University's exposure to credit risk on its receivables related primarily to the inability of the debtors to pay and students to fully settle the unpaid balance of tuition fees and other charges which are owed to the University based on installment payment schemes. The University has established controls and procedures to minimize risks of non-collection. Students are not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid. The University also withholds the academic records and clearance of the students with unpaid balances, thus ensuring that collectability is reasonably assured. The University's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

The University has neither any significant exposure to any individual customer or counterparty nor does it have any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties. Also, none of the University's financial assets are secured by collateral or other credit enhancements; except for cash and cash equivalents as described above.

With respect to credit risk arising from cash and cash equivalents, receivables and AFS financial assets, the University's maximum exposure is equal to the carrying amount of these instruments. The risk is minimal as these financial assets and investments are with reputable financial institutions and or with related parties.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	Notes	**2015**	2014	2013
Cash and cash equivalents	7	**P 423,710,674**	P 215,797,069	P 195,608,838
Receivables	8	**355,918,596**	298,539,270	320,180,882
Financial assets at FVTPL	9	**340,800**	-	18,629,900
AFS financial assets (debt securities)	10	**1,446,499,583**	1,486,580,783	1,645,490,432
Short-term investments	11	**13,629,095**	110,740,446	344,738,279
Refundable deposits		**4,377,630**	3,929,796	3,929,796
		P 2,244,476,378	P 2,115,587,364	P 2,528,578,127

The table below and in the succeeding page shows the credit quality of the University's financial assets as of March 31, 2015, 2014 and 2013 having past due components.

	Notes	**Neither past due nor impaired**	**Past due and impaired**	**Total**
2015				
Cash and cash equivalents	7	P 423,710,674	P -	P 423,710,674
Receivables	8	319,058,140	36,860,456	355,918,596
Financial assets at FVTPL	9	340,800	-	340,800
AFS financial assets (debt securities)	10	1,446,499,583	-	1,446,499,583
Short-term investments	11	13,629,095	-	13,629,095
Refundable deposits		4,377,630	-	4,377,630
		P 2,207,615,922	**P 36,860,456**	**P 2,244,476,378**
2014				
Cash and cash equivalents	7	P 215,797,069	P -	P 215,797,069
Receivables	8	260,690,446	37,848,824	298,539,270
AFS financial assets (debt securities)	10	1,486,580,783	-	1,486,580,783
Short-term investments	11	110,740,446	-	110,740,446
Refundable deposits		3,929,796	-	3,929,796
		P 2,077,738,540	P 37,848,824	P 2,115,587,364

	Notes	Neither past due nor impaired	Past due and impaired	Total
2013				
Cash and cash equivalents	7	P 195,608,838	P -	P 195,608,838
Receivables	8	196,883,073	123,297,809	320,180,882
Financial assets at FVTPL	9	18,629,900	-	18,629,900
AFS financial assets (debt securities)	10	1,645,490,432	-	1,645,490,432
Short-term investments	11	344,738,279	-	344,738,279
Refundable deposits		3,929,796	-	3,929,796
		P 2,405,280,318	P 123,297,809	P 2,528,578,127

The University has no past due but not impaired financial assets at end of each year.

The University classifies tuition and other school fees receivables from students based on the number of semesters the receivables have been outstanding. Receivables from students that are outstanding for more than one semester are analyzed to determine whether they are impaired. Those that are not outstanding for more than one semester or are classified as current receivable are determined to be fully collectible, based on historical experience.

The University's management considers that all the above financial assets are not impaired, except those specifically provided with allowance for impairment at the end of the reporting period, and of good credit quality. Cash and cash equivalents, financial assets at FVTPL, AFS financial assets and short-term investments are coursed through reputable financial institutions duly approved by the BOT.

4.3 Liquidity Risk

The University manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the University's future and contingent obligations and ensures that future cash collections are sufficient to meet them in accordance with internal policies. The University invests in cash placements when excess cash is obtained from operations.

As at March 31, 2015, 2014 and 2013 the University's financial liabilities have contractual maturities which are presented below and in the succeeding page.

	Current		**Non-current**
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**
2015			
Trade and other payables	P 483,434,322	P -	P -
Interest-bearing loan	678,276,923	-	-
	P 1,161,711,245	**P -**	**P -**

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
2014			
Trade and other payables	P 377,845,440	P -	P -
Interest-bearing loan	-	-	830,400,000
Derivative liability	14,433,500	-	-
	P 392,278,940	P -	P 830,400,000
2013			
Trade and other payables	P 353,957,134	P -	P -
Interest-bearing loan	-	-	828,800,000
	P 353,957,134	P -	P 828,800,000

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair value of financial assets and financial liabilities measured at fair values that are presented in the statements of financial position are shown below.

		2015		2014		2013	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets							
Financial asset at FVTPL:							
Cross-currency swaps	9	**P 340,800**	**P 340,800**	P -	P -	P 18,629,900	P 18,629,900
AFS financial assets	10	**2,467,859,777**	**2,467,859,777**	2,308,963,696	2,308,963,696	2,019,487,877	2,019,487,777
		P 2,468,200,577	**P 2,468,200,577**	P 2,308,963,696	P 2,308,963,696	P 2,038,117,777	P 2,038,117,777
Financial Liabilities							
Derivative liability –							
Cross-currency swaps	9	**P -**	**P -**	P 14,433,500	P 14,433,500	P -	P -

Except for the financial assets and financial liability presented above, the University has no financial assets and/or financial liabilities that are not carried at fair value but are required to be disclosed at fair value as of March 31, 2015, 2014 and 2013 (see Note 6.3). Management determined that the carrying amounts of the financial instruments that are carried at amortized costs are equal to or approximate their fair values; hence, no further comparison between the carrying amounts and fair values is presented.

See Notes 2.4 and 2.8 for a description of the accounting policies for each category of financial instruments. A description of the University's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The amounts of University's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Other Current Assets account in the statements of financial position (see Notes 7 and 11) which are subject to offsetting, enforceable master netting arrangements and similar agreements in 2015, 2014 and 2013 are as follows:

	Gross amounts recognized in the statement of financial position		Net amount presented in the statement of financial position	Related amounts that can potentially be set-off in the statement of financial position		
	Financial Assets	Financial liabilities set-off		Financial instruments	Cash collateral received	Net amount
March 31, 2015	**P 402,039,103**	**P -**	**P 402,039,103**	**(P 676,923,077)**	**P -**	**(P 274,883,974)**
March 31, 2014	P 209,017,368	P -	P 209,017,368	(P 800,000,000)	P -	(P 590,982,632)
March 31, 2013	P 378,861,526	P -	P 378,861,526	(P 800,000,000)	P -	(P 421,138,474)

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the University and counterparties (i.e., depository bank) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis.

All other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (i.e. related parties) will have the option to settle all such amounts on a net basis through the approval by both parties' BOT or Board of Directors. As such, the University's outstanding receivables from and payables to the same related parties can potentially be offset to the extent of their corresponding outstanding balances.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the levels presented below.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurable date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the University uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.2 Financial Instruments Measurement at Fair Value

The table below shows the fair value hierarchy of the University's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of March 31, 2015, 2014 and 2013.

	Level 1	Level 2	Level 3	Total
2015				
AFS financial assets:				
Debt securities:				
Government	P 484,666,003	P -	P -	P 484,666,003
Corporate	961,833,580	-	-	961,833,580
Equity securities	1,021,360,194	-	-	1,021,360,194
Financial asset at FVTPL –				
Cross-currency swaps	-	340,800	-	340,800
	P 2,467,859,777	**P 340,800**	**P -**	**P2,468,200,577**
2014				
AFS financial assets:				
Debt securities:				
Government	P 451,389,849	P -	P -	P 451,389,849
Corporate	1,035,190,934	-	-	1,035,190,934
Equity securities	822,382,913	-	-	822,382,913
	P 2,308,963,696	P -	P -	P 2,308,963,696
Derivative liability –				
Cross-currency swaps	P -	(P 14,433,500)	P -	(P 14,433,500)
2013				
AFS financial assets:				
Debt securities:				
Government	P 882,641,861	P -	P -	P 882,641,861
Corporate	762,848,571	-	-	762,848,571
Equity securities	373,997,445	-	-	373,997,445
Financial assets at FVTPL –				
Cross-currency swaps	-	18,629,900	-	18,629,900
	P 2,019,487,877	P 18,629,900	P -	P 2,038,117,777

There were neither transfers between levels nor changes in levels of classification of instruments in all years presented.

Described below are the information about how the fair values of the University's classes of financial assets and financial liabilities are determined.

a) Equity securities

As of March 31, 2015, 2014 and 2013, instruments included in Level 1 comprise of corporate shares and UITF which are classified as AFS financial assets. The corporate shares were valued based on their market prices quoted in the PSE at the end of each reporting period, while the UITF is valued based on the Net Asset Value per unit (NAVPU) of the fund, as computed by the banks. NAVPU is computed by dividing the total fair value of the fund by the total number of units at the end of each reporting period.

b) Debt securities

The fair value of the University's debt securities which consist of government and corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

c) Derivatives

Derivatives classified as financial assets at FVTPL are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of the University's financial assets and financial liabilities measured at amortized costs, as described in Notes 2.4 and 2.8, their fair values as at March 31, 2015, 2014 and 2013 approximate or equal their carrying amounts. Accordingly, the University did not anymore present their classification in the hierarchy.

6.4 Fair Value Measurement for Non-financial Assets

(a) Determining Fair Value of Investment Properties

The table below shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of March 31, 2015 and 2014 (see Note 13).

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Land	P -	P -	P 1,053,292,736	P 1,053,292,736
Building and improvements	-	-	519,279,000	519,279,000
	P -	**P -**	**P 1,562,571,736**	**P 1,562,571,736**

	2014			
	Level 1	Level 2	Level 3	Total
Land	P -	P 318,968,000	P 1,058,994,925	P 1,377,962,925
Building and improvements	-	-	455,170,000	455,170,000
	P -	P 318,968,000	P 1,514,164,925	P 1,833,132,925

The fair value of the University's investment properties, except for the land that will be leased out to FEU Alabang, Inc. (see Note 13), are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the University's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the University's non-financial assets indicated above is their current use.

The fair values of these non-financial assets were determined based on the following approaches:

(i) Fair Value Measurement for Land

The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot, hence, the higher the price per square foot, the higher the fair value.

(ii) Fair Value Measurement for Building and Improvements

The Level 3 fair value of the buildings and improvements under the Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

(b) Other Fair Value Information

The cost of land that will be leased out to FEU Alabang, Inc., which was acquired in 2013 including capitalized borrowing costs, is considered as its fair value.

There has been no change to the valuation techniques used by the University during the year for its non-financial assets. Also, there were no transfers into or out of fair value hierarchies in 2015 and 2014. The land previously classified as Level 2 in 2014 was reclassified to Property and Equipment account due to the change in intended use for the property (see Note 13).

The carrying amount of investment properties included in Level 3 is presented in Note 13.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of March 31:

	2015	2014	2013
Cash on hand and in banks	**P 207,239,961**	P 215,644,498	P 145,112,834
Short-term placements	**216,470,713**	152,571	50,496,004
	P 423,710,674	P 215,797,069	P 195,608,838

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the University. Effective annual interest earned from these placements is as follows:

	2015	2014	2013
Peso	**0.6% to 0.8%**	0.8% to 1.0%	2.4% to 3.7%
Dollar	**0.8%**	0.4%	0.4%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the statements of profit or loss (see Note 19.1). The related interest receivable from short-term placements as of March 31, 2015, 2014 and 2013 is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 8).

8. RECEIVABLES

This account is composed of the following:

	Notes	2015	2014	2013
Tuition and other school fees receivables		**P 330,734,409**	P 251,087,880	P 276,333,445
Receivables from related parties	23	**35,600,874**	64,705,755	152,026,012
Accrued interest	7, 9, 10	**24,479,730**	19,749,806	14,457,239
Advances to employees		**6,336,662**	5,953,470	7,042,678
Others		**1,964,039**	844,653	661,995
		399,115,714	342,341,564	450,521,369
Allowance for impairment on:				
Tuition and other school fees receivables		**(36,860,456)**	(36,894,560)	(39,392,082)
Receivables from related parties	19.2	**-**	(954,264)	(83,905,727)
		(36,860,456)	(37,848,824)	(123,297,809)
		P 362,255,258	P 304,492,740	P 327,223,560

Advances to employees comprise of unsecured and noninterest-bearing advances to officers and employees which are liquidated or payable through salary deduction within 15 days from the earlier between the release of the advances and the event to which the advances are utilized.

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of 2015, 2014 and 2013 is shown below.

	Notes	2015	2014	2013
Balance at beginning of year		**P 37,848,824**	P 123,297,809	P 32,243,871
Impairment losses during the year	18, 19.2	**42,999,417**	39,900,806	134,217,935
Receivables written off during the year	23.7, 23.12	**(43,987,785)**	(125,349,791)	(43,163,997)
		P 36,860,456	P 37,848,824	P 123,297,809

All of the University's receivables had been reviewed for indicators of impairment. Full allowance is provided for receivables from uncollected tuition fees of the previous school term when the specific student from whom it is due does not enroll in the succeeding school term. In 2015, 2014 and 2013, certain tuition and other school fees receivables were found to be impaired and related impairment loss is presented as part of General expenses under Operating Expenses in the statements of profit or loss (see Note 18). The allowance for impairment loss on receivables from students as of March 31, 2015, 2014 and 2013 pertains to amounts which have been outstanding for more than one semester and specifically identified to be impaired.

In 2013, the management assessed that the receivables from ICF-CCE, Inc. and FEU Educational Foundation, Inc. (FEFI), related parties under common management, amounting to P47.2 million and P36.7 million, respectively, may no longer be collected. Accordingly, appropriate amount of allowance for impairment have been provided on those accounts. Impairment loss recognized on receivables from related parties is presented as part of Finance Costs in the 2013 statement of profit or loss (see Note 19.2).

In 2014, the management have assessed that the collection of the receivables from ICF-CCE, Inc. and FEFI is already improbable; as such, those accounts were written-off (see Note 23.12).

No allowance for impairment loss on all other receivables is provided as of March 31, 2015, 2014 and 2013 since management believes that those are collectible in full.

9. CROSS-CURRENCY SWAP

In 2015, 2014 and 2013, the University entered into cross-currency swaps to hedge its foreign currency exposure related to its foreign currency denominated AFS investments (see Note 10). As of March 31, 2015 and 2013, the net fair value of these cross-currency swaps amounting to P0.3 million and P18.6 million, respectively, is presented as Financial Asset at Fair Value Through Profit or Loss in the 2015 and 2013 statements of financial position. As of March 31, 2014, these cross-currency swaps have fair value of P14.4 million which is presented as Derivative Liability in the 2014 statement of financial position. The related fair value gains or losses are presented as Fair value gain (loss) on financial asset at FVTPL under Finance Income or Finance Costs in the 2015, 2014 and 2013 statements of profit or loss (see Note 19).

Being denominated in foreign currency, the related interest receivable from cross currency agreement has been adjusted to the prevailing exchange rate resulting in the recognition of cross-currency gain amounting to P1.1 million in 2015 and P2.7 million in 2013 which was presented as part of Finance Income in the 2015 and 2013 statements of profit or loss (see Note 19.1). On the other hand, the net changes in the carrying amount of the related interest receivable and payable as of March 31, 2014 is presented as part of Finance Costs in the 2014 statement of profit or loss (see Note 19.2). The related asset is presented a part of Accrued interest under the Receivables account, and the related liability is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Notes 8 and 15).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

AFS financial assets are classified in the statements of financial position as follows:

	2015	2014	2013
Current	**P 2,045,219,220**	P 1,765,336,184	P 1,652,448,209
Non-current	**422,640,557**	543,627,512	367,039,668
	P 2,467,859,777	P 2,308,963,696	P 2,019,487,877

The types of investments classified under AFS financial assets consist of the following:

	2015	2014	2013
Debt securities:			
Government	**P 484,666,003**	P 451,389,849	P 882,641,861
Corporate	**961,833,580**	1,035,190,934	762,848,571
	1,446,499,583	1,486,580,783	1,645,490,432
Equity securities:			
Corporate shares	**745,168,261**	614,062,973	331,594,810
UITF	**276,191,933**	208,319,940	42,402,635
	1,021,360,194	822,382,913	373,997,445
	P 2,467,859,777	P 2,308,963,696	P 2,019,487,877

The fair values of the equity securities and debt securities have been determined based on quoted prices in active markets (see Note 6.2).

The breakdown of quoted AFS financial assets as to currency denomination is as follows:

	2015	2014	2013
Local	**P 2,073,118,861**	P 1,851,929,941	P 1,755,875,948
Foreign	**394,740,916**	457,033,755	263,611,929
	P 2,467,859,777	P 2,308,963,696	P 2,019,487,877

As at March 31, 2015, 2014 and 2013, portion of the foreign currency denominated AFS financial assets, amounting to P343.6 million, P377.8 million and P205.7 million, respectively, which pertain to corporate bonds, are subject to cross-currency swap agreement with a term coinciding with the term over the same period of the said bonds (see Note 9).

An analysis of the movements in the carrying amounts of the University's investments is presented below.

	2015	2014	2013
Balance at beginning of year	**P 2,308,963,696**	P 2,019,487,877	P 1,817,956,194
Additions	**1,386,874,952**	437,013,141	249,987,192
Disposals	**(1,322,231,440)**	(10,000,000)	(144,417,304)
Fair value gains (losses)	**94,252,569**	(137,537,322)	95,961,795
Balance at end of year	**P 2,467,859,777**	P 2,308,963,696	P 2,019,487,877

Investment income from AFS financial assets totaling P123.1 million, P191.9 million and P181.2 million, in 2015, 2014 and 2013, respectively, have been reinvested as part of additions to AFS financial assets and are presented separately as Interest income from AFS financial assets and as Other investment income from AFS financial assets under Finance Income in the statements of profit or loss (see Note 19.1). The related outstanding interest is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 8).

The total cumulative fair value gains amounting to P86.6 million, P182.0 million and P30.4 million in 2015, 2014 and 2013, respectively, which is reclassified from equity to profit or loss is presented as Fair Value Gains Reclassified to Profit or Loss in the statements of comprehensive income.

11. OTHER CURRENT ASSETS

The breakdown of this account is as follows:

	2015	2014	2013
Prepaid expenses	**P 20,782,768**	P 13,277,293	P 12,763,723
Input VAT	**14,213,593**	12,263,292	11,549,687
Short-term investments	**13,629,095**	110,740,446	344,738,279
	48,625,456	136,281,031	369,051,689
Allowance for impairment of Input VAT	**(10,980,897)**	(10,980,897)	(10,980,897)
	P 37,644,559	P 125,300,134	P 358,070,792

Short-term investments, which consist of special savings deposits and investment in special deposit accounts, earn interest ranging from 5.5% in 2015, 1.0% to 2.1% in 2014 and 2.6% to 3.6% in 2013. These investments are maturing beyond three months from the date of placement.

12. INVESTMENTS IN SUBSIDIARIES, AN ASSOCIATE AND A JOINT VENTURE

This account consists of the following as of March 31:

	Explanatory Notes	% Interest Held	**2015**	2014	2013
Investments in:					
Subsidiaries					
East Asia Computer Center, Inc. (EACCI)	12.1	100%	**P 150,104,999**	P 150,104,999	P 60,104,999
Fern Realty Corporation (FRC)		37.52%	**64,419,300**	64,419,300	64,419,300
Far Eastern College – Silang, Inc. (FECSI)		100%	**51,000,000**	51,000,000	51,000,000
FEU Alabang, Inc.		100%	**6,249,875**	6,249,875	6,249,875
FEU High School, Inc. (FEU High)		100%	**2,499,500**	-	-
Associate					
Juliana Management Company, Inc. (JMCI)	12.3	49%	**7,878,120**	7,878,120	7,878,120
Joint Venture					
ICF-CCE, Inc.	12.2	50%	**-**	-	6,250,000
				279,652,294	195,902,294
Allowance for impairment			**-**	(2,338,930)	(8,588,930)
			P 282,151,794	P 277,313,364	P 187,313,364

The place of incorporation which is similar with the place of operation of the University's subsidiaries, associate and joint venture are summarized as follows:

EACCI	-	P. Paredes Street, Sampaloc, Manila
FRC	-	Administration Building, FEU Compound, Nicanor Reyes, Sr. Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
FEU Alabang, Inc.	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
FEU High	-	Nicanor Reyes Street, Sampaloc, Manila
JMCI	-	E. Rodriguez Jr. Avenue corner Cpl. Cruz St., Bagong Ilog, Pasig City
ICF-CCE, Inc.	-	FEU Makati, Sen. Gil. J. Puyat Avenue corner Zuellig St., Makati City

Similar to the University, FECSI, EACCI and FEU Alabang, Inc. were established to operate as educational institutions offering general courses of study. FRC, on the other hand, operates as a real estate company leasing most of its investment properties to the University and other related parties.

On June 24, 2014, FEU High was established to offer and conduct enhanced basic education programs. Accordingly, the subsidiary will offer programs for Senior High School in response to the implementation of the K-12 program.

As of March 31, 2015, FEU High and FEU Alabang, Inc. are the only subsidiaries of the University that has not yet started commercial operations.

The shares of stocks of the subsidiaries, an associate, and a joint venture are not listed in the PSE; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amount of the investments, except as otherwise stated in Note 12.2, is fully recoverable.

In 2015, the University received dividends from EACCI and FRC totaling P57.0 million (see Note 23.1). No similar transactions with any of the University's subsidiaries occurred in 2014 and 2013.

12.1 Investment in EACCI

In July 2012, the University and EACCI entered into a Subscription Agreement whereby the University subscribed to 1.3 million common shares of EACCI for P100 per share or an aggregate subscription price of P130.0 million. In 2013, portion of the total subscription price, amounting to P32.5 million, was paid in cash, while P7.5 million was settled through offsetting of advances (see Note 23.2). The remaining balance of the total subscription price, amounting to P90.0 million, was fully paid in cash in 2014. No similar transaction occurred during 2015.

In a prior year, the University's investment in EACCI has been provided with allowance for impairment amounting to P2.3 million. However, since the subsidiary started its operations in 2015, under the trade name of FEU Institute of Technology, the investment is deemed to be fully recoverable as at March 31, 2015. Accordingly, the allowance for impairment was reversed and reported as Reversal of impairment loss on investment in a subsidiary as part of Other Income in the 2015 statement of profit or loss (see Note 20).

12.2 Investment in Joint Venture

In November 2009, the University entered into a Joint Venture Agreement with a co-venturer to establish and operate a culinary skills training center, which shall provide courses of study in the culinary arts. The University and co-venturer invested P6.3 million each to ICF-CCE, Inc., the joint venture company (JVC).

Since 2011, the carrying value of the University's investment in the JVC had already been reduced to nil. Hence, the University had stopped recognizing its equity in net losses of the JVC. As of March 31, 2013, the University's unrecognized equity in the JVC losses amounts to P10.0 million. In 2014, the JVC had ceased commercial operations. Accordingly, management decided to write-off the investment against the corresponding allowance for impairment.

12.3 Investment in an Associate

Presented below is JMCI's summary of financial information based on its most recent audited financial statements as of and for the year ended December 31.

	2014	2013	2012
Total assets	**P 14,849,452**	P 14,879,898	P 14,801,771
Total liabilities	**1,170,829**	1,113,689	829,134
Total equity	**13,678,623**	13,766,209	13,972,637
Net loss	**87,586**	156,814	76,492

13. INVESTMENT PROPERTIES

This account consists of the land and building being leased out to EAEF and FECSI, and a property under current construction and development to be leased out to FEU Alabang, Inc.

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2015, 2014 and 2013 are shown below and in the succeeding page.

	Land	**Building and Improvements**	**Construction in Progress**	**Total**
March 31, 2015				
Cost	P 1,053,292,736	P 427,376,543	P 5,702,188	P 1,486,371,467
Accumulated depreciation	-	(57,378,544)	-	(57,378,544)
Net carrying amount	**P 1,053,292,736**	**P 369,997,999**	**P 5,702,188**	**P 1,428,992,923**
March 31, 2014				
Cost	P 1,106,687,462	P 671,208,014	P 5,702,188	P 1,783,597,664
Accumulated depreciation	-	(157,768,134)	-	(157,768,134)
Net carrying amount	P 1,106,687,462	P 513,439,880	P 5,702,188	P 1,625,829,530
March 31, 2013				
Cost	P 1,075,950,407	P 632,763,898	P -	P 1,708,714,305
Accumulated depreciation	-	(122,472,342)	-	(122,472,342)
Net carrying amount	P 1,075,950,407	P 510,291,556	P -	P 1,586,241,963

	Land	Building and Improvements	Construction in Progress	Total
April 1, 2012				
Cost	P 53,394,726	P 207,626,479	P -	P 261,021,205
Accumulated depreciation	-	(97,309,715)	-	(97,309,715)
Net carrying amount	P 53,394,726	P 110,316,764	P -	P 163,711,490

A reconciliation of the carrying amounts of investment properties at the beginning and end of 2015, 2014 and 2013 is shown below.

	Land	**Building and Improvements**	**Construction in Progress**	**Total**
Balance at April 1, 2014, net of accumulated depreciation	P 1,106,687,462	P 513,439,880	P 5,702,188	P 1,625,829,530
Additions	-	42,154,329	-	42,154,329
Transfers to property and equipment	(53,394,726)	(151,793,228)	-	(205,187,954)
Depreciation charges for the year	-	(33,802,982)	-	(33,802,982)
Balance at March 31, 2015, net of accumulated depreciation	**P 1,053,292,736**	**P 369,997,999**	**P 5,702,188**	**P1,428,992,923**
Balance at April 1, 2013, net of accumulated depreciation	P 1,075,950,407	P 510,291,556	P -	P 1,586,241,963
Additions	30,737,055	22,732,291	5,702,188	59,171,534
Transfers from property and equipment	-	12,871,362	-	12,871,362
Depreciation charges for the year	-	(32,455,329)	-	(32,455,329)
Balance at March 31, 2014, net of accumulated depreciation	P 1,106,687,462	P 513,439,880	P 5,702,188	P 1,625,829,530
Balance at April 1, 2012, net of accumulated depreciation	P 53,394,726	P 110,316,764	P -	P 163,711,490
Additions	1,022,555,681	425,137,419	-	1,447,693,100
Depreciation charges for the year	-	(25,162,627)	-	(25,162,627)
Balance at March 31, 2013, net of accumulated depreciation	P 1,075,950,407	P 510,291,556	P -	P 1,586,241,963

The total rental income earned from investment properties are presented in Rental under Other Income in the statement of profit or loss (see Notes 20, 23.5, 23.6 and 23.10). The direct operating expenses, which include depreciation and amortization, insurance and taxes and licenses incurred by the University relating to the investment properties is presented as part of Depreciation and amortization, Property insurance and Taxes and licenses accounts under Operating Expenses in the statements of profit or loss (see Note 18).

In 2015, the lease agreement between EAEF and the University was terminated, the subject property will be for own use thereon, accordingly, the carrying value of land, building and its improvements amounting to P53.4 million and P151.8 million, respectively, were reclassified to the Property and Equipment account in the 2015 statement of financial position (see Note 14).

The cost incurred that pertains to on-going architectural designs of the school building that is to be leased out to FEU Alabang, Inc. is presented as Construction in progress.

The carrying value of investment properties also includes the capitalized borrowing costs incurred on a bank loan obtained in prior years. The purpose of the loan was to finance the purchase of land and its eventual construction of the school building which forms part of the qualifying asset to be leased out to a subsidiary, FEU Alabang, Inc. In 2015, however, the University temporarily ceased the capitalization of borrowing costs due to the temporary suspension of active developments on the qualifying asset (see Note 16).

Based on the latest appraisal report performed by an independent appraiser, management determined that the total fair value of investment properties, as of March 31, 2015, 2014 and 2013, amounts to P1.6 billion, P1.8 billion and P0.2 billion, respectively. Information about the fair value measurement and disclosures related to investment properties are presented in Note 6.4.

14. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2015, 2014 and 2013 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Total
March 31, 2015						
Cost	P 193,585,494	P 1,477,464,733	P 376,642,321	P 404,044,831	P 158,064,279	P 2,609,801,658
Accumulated depreciation and amortization	-	(450,435,177)	(231,235,447)	(78,985,527)	(106,848,954)	(867,505,105)
Net carrying amount	**P 193,585,494**	**P 1,027,029,556**	**P 145,406,874**	**P 325,059,304**	**P 51,215,325**	**P 1,742,296,553**
March 31, 2014						
Cost	P 139,892,132	P 987,775,537	P 292,636,238	P 383,313,959	P 141,526,807	P 1,945,144,673
Accumulated depreciation and amortization	-	(266,543,013)	(184,610,402)	(60,221,229)	(94,737,037)	(606,111,681)
Net carrying amount	P 139,892,132	P 721,232,524	P 108,025,836	P 323,092,730	P 46,789,770	P 1,339,032,992
March 31, 2013						
Cost	P 98,457,565	P 821,736,296	P 214,642,064	P 378,676,711	P 117,974,102	P 1,631,486,738
Accumulated depreciation and amortization	-	(226,793,634)	(151,881,614)	(41,204,256)	(87,991,382)	(507,870,886)
Net carrying amount	P 98,457,565	P 594,942,662	P 62,760,450	P 337,472,455	P 29,982,720	P 1,123,615,852
April 1, 2012						
Cost	P 98,457,565	P 798,967,978	P 182,475,575	P 173,139,870	P 113,951,678	P 1,366,992,666
Accumulated depreciation and amortization	-	(188,883,829)	(131,482,948)	(30,809,379)	(82,891,462)	(434,067,618)
Net carrying amount	P 98,457,565	P 610,084,149	P 50,992,627	P 142,330,491	P 31,060,216	P 932,925,048

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2015, 2014 and 2013 is shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Total
Balance at April 1, 2014, net of accumulated depreciation and amortization	P 139,892,132	P 721,232,524	P 108,025,836	P 323,092,730	P 46,789,770	P 1,339,032,992
Additions	298,636	203,701,938	84,006,083	20,730,872	16,537,472	325,275,001
Transfers from investment properties	53,394,726	151,793,228	-	-	-	205,187,954
Depreciation and amortization charges for the year	-	(49,698,134)	(46,625,045)	(18,764,298)	(12,111,917)	(127,199,394)
Balance at March 31, 2015, net of accumulated depreciation and amortization	**P 193,585,494**	**P 1,027,029,556**	**P 145,406,874**	**P 325,059,304**	**P 51,215,325**	**P 1,742,296,553**
Balance at April 1, 2013, net of accumulated depreciation and amortization	P 98,457,565	P 594,942,662	P 62,760,450	P 337,472,455	P 29,982,720	P 1,123,615,852
Additions	41,434,567	181,751,065	77,994,174	4,637,249	23,552,704	329,369,759
Transfers to investment properties	-	(12,871,362)	-	-	-	(12,871,362)
Depreciation and amortization charges for the year	-	(42,589,841)	(32,728,788)	(19,016,974)	(6,745,654)	(101,081,257)
Balance at March 31, 2014 net of accumulated depreciation and Net carrying amount	P 139,892,132	P 721,232,524	P 108,025,836	P 323,092,730	P 46,789,770	P 1,339,032,992
Balance at April 1, 2012, net of accumulated depreciation and amortization	P 98,457,565	P 610,084,149	P 50,992,627	P 142,330,491	P 31,060,216	P 932,925,048
Additions	-	22,768,318	32,166,489	205,536,841	4,022,424	264,494,072
Depreciation and amortization charges for the year	-	(37,909,805)	(20,398,666)	(10,394,877)	(5,099,920)	(73,803,268)
Balance at March 31, 2013, net of accumulated depreciation and amortization	P 98,457,565	P 594,942,662	P 62,760,450	P 337,472,455	P 29,982,720	P 1,123,615,852

As of March 31, 2015, 2014 and 2013, certain fully depreciated assets with acquisition cost of P29.5 million, P11.3 million and P4.1 million, respectively, are still being used in the University's operations.

15. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2015**	2014	2013
Dividends payable	24.2(b)	**P 117,811,460**	P 128,350,057	P 107,537,970
Accounts payable	23	**104,123,494**	66,798,100	66,567,680
Accrued expenses	9, 23.3	**89,032,087**	46,617,581	42,930,790
Deposits payable		**74,308,479**	67,962,029	74,778,093
Withholding and other taxes payable		**65,414,189**	72,354,255	58,396,252
Accrued salaries and, employee benefits		**64,373,644**	16,839,980	16,254,334
Amounts due to students		**24,733,107**	42,261,007	38,608,670
NSTP trust fund		**16,663,303**	14,821,698	11,654,402
Payable to FEU retirement plan		**6,897,598**	6,961,747	5,679,291
Others		**2,154,453**	2,084,939	1,600,306
		P 565,511,814	P 465,051,393	P 424,007,788

Accrued expenses include the University's accrual for utilities, rentals and trustees' bonuses.

Deposits payable are amounts due to third parties for cooperative members' fees, school uniforms of students and computer loans of employees.

Amounts due to students represent excess payment of tuition and miscellaneous fees refundable to them. In 2015, the University recognized in income P33.7 million of unclaimed checks, that individually are representing very small amounts, as the period of refund has already prescribed. The related gain is presented as part of Miscellaneous income under Other Income account in the 2015 statement of profit of loss (see Note 20).

The NSTP trust funds collected from students amounted to P16.9 million, P22.1 million and P39.6 million in 2015, 2014 and 2013, respectively. As of March 31, 2015, 2014 and 2013, remaining balance is set aside as a contingency fund and is presented as NSTP Trust Fund.

Payable to FEU retirement plan are employee contributions that are yet to be remitted to the retirement fund. These amounts are subsequently remitted after the annual reporting dates.

16. INTEREST-BEARING LOAN

This represents the P800.0 million unsecured, interest-bearing loan obtained by the University in December 2012 from a local commercial bank and is payable until 2017 (see Note 26.2).

The proceeds of the loan were used by the University to finance the acquisition of a real estate property and the related capital expenditure requirements (see Note 13). The initial loan agreement stipulates a floating interest rate which is the higher between the base interest rate plus a spread of 85 basis points (bps), and the Bangko Sentral ng Pilipinas overnight reverse repurchase agreement rate plus a spread of 10 bps. Subsequently, however, the University availed of its one time option to fix the interest rate on the loan. Effective March 2014, the annual interest rate was fixed at a base interest plus a spread of 85 bps or 4.29%. Accordingly, the loan bears interest at an annual average rate of 4.3% in 2015, 3.8% in 2014 and 3.6% in 2013.

Borrowing costs capitalized as part of the cost of investment properties in 2014 and 2013 amounted to P30.7 million and P7.6 million, respectively. On the other hand, the borrowing cost incurred in 2015 amounting to P34.1 million was recognized in profit or loss and reported as part of Finance Costs in the statement of profit or loss (see Notes 13 and 19.2).

The following covenants are required to be complied with in order for the University to keep the credit facilities with the local commercial bank, which is monitored on a quarterly basis:

- current ratio is not less than 1.00:1.00; and,
- debt-to-equity ratio is not more than 1.00:1.00 (see Note 28).

The University was able to comply with the loan covenants in 2015, 2014 and 2013. The loan covenant, however, does not require the University to immediately pay the obligation upon failure to comply with the foregoing requirements.

In December 2014, the University started paying the quarterly amortizations for the principal balance of the loan. Accordingly, the total principal payments made during the year amounted to P123.1 million. The total carrying value of the outstanding loan payable as of March 31, 2015 amounting to P676.9 million and P800 million for both 2014 and 2013 is presented as Interest-bearing Loan account (current and non-current portion) in the statements of financial position.

17. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the statements of profit or loss are as follows:

	2015	2014	2013
Tuition fees	**P2,399,067,759**	P2,341,127,790	P2,265,005,106
Less discounts:			
Scholarships	**134,105,617**	143,486,537	130,919,238
Family	**14,569,436**	15,111,747	14,174,602
Cash	**12,783,899**	16,010,491	11,225,603
	161,458,952	174,608,775	156,319,443
	2,237,608,807	2,166,519,015	2,108,685,663
Other school fees:			
Entrance fees	**14,729,366**	15,820,960	18,994,886
Transcript fees	**7,882,488**	7,265,049	6,578,570
Identification cards	**7,763,270**	8,292,477	8,558,344
Graduation and commencement fees	**5,472,923**	3,377,041	2,953,342
Certification fee	**3,179,144**	2,873,154	2,510,987
Diplomas	**2,747,639**	2,498,075	2,022,709
Miscellaneous	**8,303,582**	11,112,396	5,292,765
	50,078,412	51,253,152	46,911,603
	P2,287,687,219	P2,217,772,167	P2,155,597,266

Towards the end of every year, the University usually collects tuition fees from students for summer classes, which start after the reporting period. Such collections amounting to P11.3 million as of March 31, 2014, are excluded from tuition fees earned for the year and presented as Unearned Tuition Fees in the 2014 statement of financial position. These are recognized as revenue in the following year. There are no unearned tuition fees as of March 31, 2015 and 2013 as collections for summer classes started subsequent to the end of the reporting periods.

18. OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	2015	2014	2013
Instructional and Academic				
Salaries and allowances		**P 618,608,873**	P 624,530,444	P 593,189,562
Employees benefits	21	**228,039,744**	210,628,843	200,600,759
Affiliation		**2,120,931**	4,568,690	3,760,571
Related learning experience		**1,966,640**	1,706,739	2,963,020
Others		**102,716,144**	91,962,653	91,791,845
		953,452,332	933,397,369	892,305,757
Administrative				
Salaries and allowances		**93,030,844**	90,325,235	103,259,474
Rental	23.3, 23.4	**88,745,527**	85,347,311	76,782,867
Employees benefits	21	**46,130,988**	43,499,308	51,280,336
BOT bonus		**13,500,000**	13,500,000	12,875,000
Others		**23,825,068**	21,776,343	21,105,778
		265,232,427	254,448,197	265,303,455
Maintenance and University Operations				
Utilities		**81,078,336**	92,342,168	100,616,323
Salaries and allowances		**26,189,921**	26,757,897	27,946,378
Janitorial services		**19,197,480**	18,133,669	17,888,641
Repairs and maintenance		**15,098,367**	15,408,159	18,995,161
Employee benefits	21	**13,998,306**	12,852,141	13,349,682
Property insurance		**3,213,021**	3,341,485	2,375,568
		158,775,431	168,835,519	181,171,753
General				
Depreciation and amortization	13, 14	**161,002,376**	133,536,586	98,965,895
Impairment losses on receivables from students	8	**42,999,417**	38,946,542	50,312,208
Professional fees		**34,923,279**	32,120,089	26,704,545
Security services		**22,761,459**	20,655,445	20,085,370
Publicity and promotions		**7,730,460**	8,917,743	7,802,972
Taxes and licenses	29.1(f)	**7,137,385**	4,424,392	5,584,578
Donation and charitable contributions		**-**	-	1,021,478
Others		**20,074,733**	14,625,570	17,858,123
		296,629,109	253,226,367	228,335,169
		P 1,674,089,299	P 1,609,907,452	P 1,567,116,134

Other instructional and academic expenses include publication, printing, binding, donations, membership fees and others. Other administrative expenses pertain mainly to expenses incurred for outsourced services, representation, expenses for seminars and conferences, insurance, various supplies, fuels, repairs and maintenance and other. Other general expenses pertain to trustees' and officers' liability insurance and books and other subscriptions.

19. FINANCE INCOME AND FINANCE COSTS

19.1 Finance Income

This consists of the following:

	Notes	**2015**	2014	2013
Interest income from:				
AFS financial assets	10	**P 96,768,419**	P 113,257,686	P 124,345,085
Cash and cash equivalents	7	**7,575,467**	1,434,761	19,165,823
Financial asset at FVTPL	9	**1,091,979**	-	2,690,360
Short-term investments	11	**988,360**	5,431,964	21,226,426
Due from a related party	23.9	**-**	-	1,820,364
Loans receivable		**-**	-	1,473,907
		106,424,225	120,124,411	170,721,965
Other investment income from AFS financial assets	10	**89,197,997**	78,677,681	56,816,626
Dividend income	23.1	**56,994,431**	-	-
Fair value gain on financial asset at FVTPL	9	**14,774,300**	-	18,629,900
Foreign exchange gains – net	10	**-**	18,428,746	-
		P 267,390,953	P 217,230,838	P 246,168,491

Other investment income from AFS financial assets comprised collectively of dividend income and gain on sale of securities held by trustee banks.

19.2 Finance Costs

This is broken down into the following:

	Notes	2015	2014	2013
Interest expense	9, 16	**P 34,526,774**	P 288,784	P -
Foreign exchange losses – net	10	**14,929,392**	-	10,765,731
Fair value loss on financial asset at FVTPL	9	**-**	33,063,400	-
Impairment loss on investment in a JV	12.2	**-**	-	6,250,000
Impairment loss on receivables from related parties	8	**-**	954,264	83,905,727
		P 49,456,166	P 34,306,448	P 100,921,458

20. OTHER INCOME

This consists of the following:

	Notes	2015	2014	2013
Miscellaneous income:				
Reversal of amounts due to students	15	**P 33,733,900**	P -	P -
Income from sale of books and other merchandise		**8,579,361**	7,953,891	5,464,403
Reversal of impairment loss on investment in a subsidiary	12.1	**2,338,930**	-	-
Reversal of accrued rent	23.3	**-**	-	37,523,295
Others	23.8	**10,149,142**	6,772,306	4,156,622
		54,801,333	14,726,197	47,144,320
Rental	13	**53,580,955**	71,997,999	66,588,796
Management fees	23.11	**43,494,910**	55,358,978	55,358,978
		P 151,877,198	P 142,083,174	P 169,092,094

The reversal of accrued rent in 2013 pertains to the accumulated rent based on PAS 17, *Leases*, prior to the amendment of the lease contract with FRC (see Note 23.3).

21. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

(a) Characteristics of the Defined Benefit Plan

The University maintains a tax-qualified, funded and contributory retirement plan, which is a defined contribution type of retirement plan since 1967, covering regular teaching and non-teaching personnel members.

The retirement fund is under the administration of an organization, the FEU Health, Welfare and Retirement Fund (the Fund), through its Retirement Board.

Contributions to this fund are in accordance with the defined contribution established by the Retirement Board which is the sum of the employees' and the University's contributions. Employees' contribution is 5% of basic salary while the University's contribution is equivalent to 20% of the employees' basic salary. Retirement expense presented as part of Employee benefits under Operating Expenses in the statements of profit or loss amounted to P82.6 million in both 2015 and 2014 and P81.3 million in 2013 (see Note 18).

As a policy of FEU, any contributions made by the University in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay can be applied to reduce employer contributions in the succeeding years.

(b) Explanation of Amounts Disclosed in the Financial Statements

Actuarial valuation is obtained to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2015 and 2014.

In determining the amounts of post-employment obligation in accordance with PAS 19 (Revised), *Employee Benefits*, the following significant actuarial assumptions were used:

	2015	2014
Discount rates	**4.62%**	4.68%
Expected rate of salary increase	**5.00%**	5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 65 is 15 for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factor is determined close to the end of the reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

As discussed in Note 2.15, the University's defined contribution plan is accounted for as a defined benefit plan with minimum guarantee starting in 2014 upon the University's adoption of the PIC Interpretation on PAS 19 (Revised). However, considering that the present value of the obligation as determined by an independent actuary approximates the fair value of the plan assets, management opted not to recognize further the unfunded portion of the obligation which is considered insignificant as shown in the analysis below.

An analysis of the University's defined benefit obligation following PIC Interpretation with respect to the defined benefit minimum guarantee under RA 7641 is presented below.

	2015	2014
Present value of obligation	**P 723,808,781**	P 688,252,191
Fair value of plan assets	**(720,281,160)**	(685,857,711)
	P 3,527,621	P 2,394,480

(c) *Risks Associated with the Retirement Plan*

The plan exposes the University to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the University's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the University's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of March 31, 2015 and 2014:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase/ (Decrease) in Assumption	Increase/ (Decrease) in Assumption
March 31, 2015			
Discount rate	**+/- 0.5%**	**(P 1,382,897)**	**P 1,621,059**
Salary growth rate	**+/- 1.0%**	**3,362,224**	**(2,234,521)**
March 31, 2014			
Discount rate	+/- 0.5%	(P 1,200,765)	P 1,495,485
Salary growth rate	+/- 1.0%	3,054,576	(1,993,447)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the University through its Retirement Board, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The University actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the Fund's assets as of March 31, 2015 and 2014 consists of equities and debt securities, although the Fund also invests in cash equivalents. The University believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a diversified portfolio of local blue chip entities but none are invested in the University's listed shares with the PSE.

There has been no change in the University's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country, the size of the fund is also sufficient to cover the vested benefits when a significant number of employees are expected to retire in 20 years' time.

The University expects to make contribution of P84.6 million to the plan during the next reporting period.

The Fund's, which comprised of both employer and employee share contributions, audited statements of financial position show the following as of December 31:

	2014	2013	2012
Assets			
Cash and cash equivalents	**P 131,849,098**	P 148,504,605	P 454,037,795
Financial assets at FVTPL	**831,437,782**	740,760,974	419,496,563
Receivables	**47,179,610**	58,767,537	67,822,305
Others	**72,892**	71,897	55,093
	1,010,539,382	948,105,013	941,411,756
Liabilities	**(25,086,630)**	(28,264,587)	(19,092,789)
Net Assets	**P 985,452,752**	P 919,840,426	P 922,318,967

Below is further breakdown of the Fund's financial assets at FVTPL as to type of investments as of March 31, 2015, 2014 and 2013. These are maintained in trust funds under credible trustee banks under control by the Fund through its Retirement Board.

	2015	2014	2013
Cash and cash equivalents	**P 50,138,085**	P 188,015,308	P 1,487,376
Domestic listed shares	**191,763,058**	163,793,630	23,310,000
Corporate bonds	**189,820,368**	119,144,077	99,047,757
Government bonds	**148,334,870**	84,265,726	31,525,196
Other securities and debt instruments	**107,072,969**	115,972,897	129,179,983
UITF	**24,556,039**	-	14,611,383
Fixed income loans	**4,839,695**	5,996,959	26,055,918
Others	**3,746,076**	8,669,114	4,797,617
	P 720,281,160	P 685,857,711	P 330,015,230

The above breakdown of the Fund's financial assets at FVTPL is presented to show the composition of the plan assets used by the actuary in determining the net retirement obligation based on the minimum guarantee under RA 7641 as of March 31, 2015 and 2014.

22. INCOME TAXES

Under the Philippine laws, the taxable income from operations related to school activities and passive investment income of private and proprietary (stock) educational institutions is subject to a tax of 10%. However, if 50% or more of the institution's total gross income is from unrelated business activities, the regular corporate income tax of 30% will apply to the entire taxable income instead of the 10% preferential rate. The University qualifies to avail of the 10% preferential rate given its revenue profile. In addition, the University is also not covered by the minimum corporate income tax provision of the new tax code.

The major components of tax expense reported in the statement of profit or loss are as follows:

	2015	2014	2013
Current tax expense:			
Special rate at 10%	**P 74,891,739**	P 68,135,838	P 71,601,655
Final tax at 20%	**44,199,901**	39,092,116	44,605,573
	119,091,640	107,227,954	116,207,228
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(2,046,307)**	5,391,403	676,665
	P 117,045,333	P 112,619,357	P 116,883,893

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is presented below:

	2015	2014	2013
Tax on pretax profit at 10%	**P 98,340,991**	P 93,287,228	P 90,282,026
Adjustments for income subjected to higher tax rates	**22,004,117**	19,211,908	22,302,786
Tax effect of non-taxable income	**(5,933,336)**	-	-
Tax effect of non-deductible expenses	**2,633,561**	120,221	4,299,081
Tax expense	**P 117,045,333**	P 112,619,357	P 116,883,893

The net deferred tax assets relate to the following as of March 31, 2015, 2014 and 2013:

	Statement of Financial Position			Profit or Loss		
	2015	2014	2013	**2015**	2014	2013
Deferred tax assets:						
Allowance for impairment on tuition and other school fees receivables	**P 3,686,046**	P 3,689,456	P 8,657,412	**P 3,410**	P 4,967,956	(P 5,433,025)
Unrealized fair value loss	**-**	1,443,350	-	**1,443,350**	(3,306,340)	-
Accrued rent expense	**257,719**	57,719	255,998	**(200,000)**	198,279	4,569,240
Unrealized foreign currency loss	**1,492,939**	-	1,072,300	**(1,492,939)**	-	187,863
Allowance for impairment on non-financial asset	**-**	-	625,000	**-**	625,000	(625,000)
Deferred tax liability –						
Unrealized foreign currency gains	**-**	(1,834,208)	-	**(1,834,208)**	2,906,508	-
Unrealized fair value gains	**(34,080)**	-	(1,862,990)	**34,080**	-	1,977,587
Deferred tax expense (income) – net				**(P 2,046,307)**	P 5,391,403	P 676,665
Deferred tax assets – net	**P 5,402,624**	P 3,356,317	P 8,747,720			

The University claims itemized deductions for income tax purposes.

23. RELATED PARTY TRANSACTIONS

The University's related parties include its subsidiaries, the University's key management and others as described in Note 2.20. A summary of the University's transactions with such related parties is presented below (in thousand pesos).

		2015		2014		2013	
	Notes	**Amount of Transaction**	**Outstanding Receivable (Payable)**	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Subsidiaries							
Dividend income	23.1	**P 56,994**	**P -**	P -	P -	P -	P -
Noninterest-bearing advances	23.2	**3,310**	**1,168**	142	686	639	773
Rental expense	23.3, 23.4	**(83,466)**	**(2,577)**	(82,381)	(2,577)	(73,212)	(2,560)
Rental income	23.5, 23.6	**3,660**	**829**	2,567	1,632	1,635	919
Reimbursement of expenses – (Receivable)	23.7	**1,476**	**1,476**	-	-	-	-
Reimbursement of expenses – (Payable)	23.7	**(181)**	**(115)**	-	-	-	-
Sale of equipment	23.8	**-**	**-**	10	-	-	-
Interest-bearing advances	23.9	**-**	**-**	-	-	465,157	-
Other related party							
Noninterest-bearing advances	23.2	**20,812**	**7,174**	30,536	5,853	19,717	14,186
Rental income	23.10	**48,154**	**-**	60,362	-	53,448	-
Management service	23.11	**43,495**	**24,984**	55,359	56,534	55,359	52,242
Key management personnel compensation	23.13	**144,623**	**-**	139,188	-	150,971	-

Details of the foregoing summary of transactions are shown below and in the succeeding pages.

23.1 Dividend Income

In 2015, the BOT of EACCI and Board of Directors of FRC had declared cash dividends to all of their stockholders. Accordingly, the University received P50.3 million and P6.7 million from EACCI and FRC, respectively, and is presented as Dividend Income under Finance Income in the 2015 statement of profit or loss. As of March 31, 2015, there is no outstanding receivable related to this transaction.

23.2 Noninterest-bearing Advances

The University grants unsecured and noninterest-bearing advances to certain related parties for working capital purposes which are currently due and demandable.

Summarized below are the outstanding receivables, shown as part of Receivable from related parties under the Receivables account in the statements of financial position, arising from these transactions (see Note 8).

	Beginning	Advances	Repayments	Offsetting	Ending
2015					
EAEF	P 5,852,944	P 20,812,111	(P 19,490,981)	P -	P 7,174,074
FEU Alabang, Inc.	385,158	84,372	-	-	469,530
EACCI	-	2,713,029	(2,468,834)	-	244,195
FRC	301,118	232,082	(360,076)	-	173,124
FEU High	-	280,761	-	-	280,761
	P 6,539,220	**P 24,122,355**	**(P 22,319,891)**	**P -**	**P 8,341,684**
2014					
EAEF	P 11,693,293	P 30,496,530	(P 36,336,879)	P -	P 5,852,944
FERN College	2,492,959	41,010	(2,533,969)	-	-
FEU Alabang, Inc.	328,658	56,500	-	-	385,158
EACCI	228,793	-	(228,793)	-	-
FRC	215,473	85,645	-	-	301,118
	P 14,959,176	P 30,679,685	(P 39,099,641)	P -	P 6,539,220
2013					
EAEF	P 14,300,692	P 17,163,977	(P 19,771,376)	P -	P 11,693,293
FERN College	2,024,918	2,553,157	(2,085,116)	-	2,492,959
FEU Alabang, Inc.	-	328,658	-	-	328,658
EACCI	-	7,728,793	-	(7,500,000)	228,793
FRC	134,358	81,115	-	-	215,473
FECSI	2,967	-	(2,967)	-	-
	P 16,462,935	P 27,855,700	(P 21,859,459)	(P 7,500,000)	P 14,959,176

As discussed in Note 12.1, the University had settled portion of the total subscription price by offsetting its liability with portion of the advances made to EACCI amounting to P7.5 million.

No impairment loss is recognized on the University's noninterest-bearing advances to its related parties.

23.3 Lease of Manila Campus Premises from FRC

The University leases certain buildings located within the Manila campus premises from FRC for a period of 10 years from July 1, 2005 to June 30, 2015. The lease period is renewable subject to conditions mutually agreed upon by both parties. In July 2011, FEU and FRC agreed to amend the existing lease contract changing the annual rental rate from P24.5 million subject to 10% escalation rate to an annual rate agreed yearly between the parties but at no rate lower than what was previously prevailing in the preceding year.

Total rental expense arising from these leases charged to operations amounting to P75.1 million in 2015, P74.4 million in 2014 and P65.3 million in 2013 is presented as part of Rental under Administrative Expenses (see Note 18). Outstanding payables on the rentals amounting to P2.6 million as at March 31, 2015, 2014 and 2013 is presented as part of Accrued Expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

23.4 Lease of Makati Campus Premises from FRC

FEU leases from FRC the land where the building occupied by FEU Makati Campus is located. The lease agreement covers a period of 30 years from December 1, 2010 to May 31, 2041. The lease period is renewable subject to conditions mutually agreed upon by both parties. Total rental expense charged to operations amounted to P8.4 million in 2015, P8.0 million in 2014 and P7.9 million in 2013 and is presented as part of Rental, which is presented as part of Administrative operating expenses, under Operating Expenses in the statements of profit or loss (see Note 18). There are no outstanding rental payable as of March 31, 2015, 2014 and 2013 arising from this lease transaction.

23.5 Lease of Certain Building Floor to FRC

The University leases to FRC the mezzanine floor of one of the University's buildings for a period of 10 years from September 1, 2007 to August 31, 2017, renewable upon mutual consent of both parties. This location is further subleased by FRC to a third party concessionaire who operates the University's cafeteria. Rent income from FRC amounted to P1.2 million in 2015, P1.0 million in 2014 and P0.8 million in 2013, which are shown as part of Rental account under Other Income in the statements of profit or loss (see Note 13 and 20). There are no outstanding receivables as of the end of each year related to this lease agreement.

23.6 Lease of Campus Premises to FECSI

In July 2012, a contract was signed between the University and FRC, where the University became the new owner and lessor of two school buildings to FECSI. However, FRC still retains the ownership of the land where the buildings are situated. In previous years, FRC owned and leased the campus' buildings and land solely to FECSI. Subsequently, a new lease agreement was signed by the University, FRC and FECSI for a period of ten years from August 1, 2012 to July 31, 2022. The lease period is renewable subject to conditions mutually agreed upon by the parties. The annual rent is set at 10% of FECSI's annual gross revenue net of some adjustments.

Total rental income earned from this transaction amounting to P2.5 million in 2015, P1.6 million in 2014 and P0.8 million in 2013 is presented as part of Rental account under Other Income – net section in the statements of profit or loss (see Note 20). As of March 31, 2015, 2014 and 2013, the outstanding receivable arising from this transaction amounts to P0.8 million, P1.6 million and P0.9 million, respectively, and is presented as part of Receivable from related parties under the Receivables account in the statements of financial position (see Note 8). No impairment loss is recognized by the University on this receivable from related parties.

23.7 Reimbursement of Expenses

In 2015, the University paid for the salaries and other benefits of FECSI's duly appointed executive director. Accordingly, the University charged FECSI for the reimbursement of such expenses which is presented as part of Management fees under the Other Income in the 2015 statement of profit or loss. The total amount charged remains unpaid as of March 31, 2015 and is reported as part of Receivables from related parties under the Receivables account in the 2015 statement of financial position (see Note 8). No impairment loss is recognized by the University on this receivable from related parties.

Also in 2013, the University incurred various expenses on behalf of FEFI. Accordingly, the outstanding receivable arising from these transactions amounted to P36.7 million and is recorded as part of Receivables from related parties under Receivables account in the 2013 statement of financial position. Such amount had been assessed to be doubtful and improbable of collection; thus, was written-off in the 2014 statement of financial position (see Note 8).

In 2015, FECSI initially paid on the University's behalf certain transportation expenses of its employees during certain academic activities. The outstanding payable arising from this transaction is presented as part of Accounts payable under Trade and Other Payables account in the 2015 statement of financial position (see Note 15).

23.8 Sale of Transportation Equipment

In 2014, the University sold a fully-depreciated transportation equipment to FECSI amounting to P10,000, which is included as part of Others under Other Income in the 2014 statement of profit or loss (see Note 20). There is no outstanding receivable from such transaction as of March 31, 2014. There was no similar transaction in 2013 and 2015.

23.9 Interest-bearing Advances

In prior years, the University granted unsecured cash advances to FRC at an interest rate ranging from 2.50% and 4.25% per annum based on the usual interest rate on the University's short-term placements. As of March 31, 2013, the University had fully collected such cash advances from FRC. Accordingly, the total interest income earned from these advances that is presented as part of Finance Income in the 2013 statement of profit or loss amounted to P1.8 million (see Note 19.1). No similar transaction occurred in 2014 and 2015.

23.10 Lease of Certain Buildings to EAEF

The University leases out certain buildings to EAEF for a period of one to five years until March 31, 2015. However, upon expiration of the term of the contract, the University and EAEF had mutually agreed not to renew such lease agreement (see Note 13).

Total rental income from EAEF, presented as part of Rental under Other Income – net section in the statement of profit or loss, amounted to P48.2 million in 2015, P60.4 million in 2014 and P53.4 million in 2013 (see Note 20). There is no outstanding balance from this transaction as of March 31, 2015, 2014 and 2013.

23.11 Management Services

The University provides management services to EAEF which agreed to pay management fee computed at a certain percentage of the latter's gross revenue subject to certain conditions. Management fees earned amounted to P43.5 million in 2015 and P55.4 million in both 2014 and 2013, which is presented as Management fees under Other Income in the statements of profit or loss (see Note 20). Outstanding receivables arising from this transaction amounted to P25.0 million, P56.5 million and P52.2 million as of March 31, 2015, 2014 and 2013, respectively, and are presented as part of Receivable from related parties under the Receivables account in the statements of financial position (see Note 8). No impairment loss is recognized by the University on these receivables.

23.12 Lease of Office Premises to ICF-CCE, Inc.

The University leased out certain floors of a building in FEU Makati Campus to ICF-CCE, Inc. in previous years but such lease contract expired and was not renewed in March 2013. Total rental income earned from this transaction amounted to P5.2 million and is recorded as part of Rental under Other Income – net in the 2013 statement of profit or loss.

Also, in 2013, management assessed that the outstanding receivable from ICF-CCE, Inc., amounting to P47.2 million, was doubtful of collection and was provided with 100% allowance for impairment. The collection of the outstanding receivable was assessed by management to be improbable; thus, were written-off in 2014 (see Note 8).

23.13 Key Management Personnel Compensation

Total remuneration of the University's key management personnel presented as part of Salaries and allowances and Employees benefits, which is part of Instructional and Academic expenses, under Operating Expenses (see Note 18) is as follows:

	2015	2014	2013
Short-term benefits	**P 124,573,767**	P 119,840,558	P 130,318,343
Post-employment benefits	**20,049,386**	19,347,562	20,653,045
	P 144,623,153	P 139,188,120	P 150,971,388

24. EQUITY

24.1 Capital Stock

	Shares			Amount		
	2015	2014	2013	**2015**	2014	2013
Common shares – P100 par value						
Authorized	**20,000,000**	20,000,000	20,000,000			
Issued and outstanding:						
Balance at beginning of year	**13,768,634**	13,768,634	13,768,634	**P 1,376,863,400**	P 1,376,863,400	P 1,376,863,400
Issued during the year	**2,745,720**	-	-	**274,572,000**	-	-
Balance at end of year	**16,514,354**	13,768,634	13,768,634	**1,651,435,400**	1,376,863,400	1,376,863,400
Treasury stock – at cost	**(37,331)**	(37,331)	(37,331)	**(3,733,100)**	(3,733,100)	(3,733,100)
Total outstanding	**16,477,023**	13,731,303	13,731,303	**P 1,647,702,300**	P 1,373,130,300	P 1,373,130,300

On July 15, 2014, the University's BOT approved the declaration of 20% stock dividends. Accordingly, additional 2,745,720 shares were listed in the PSE, which were taken from the University's unissued capital stock (see Note 24.2).

On July 11, 1986, the SEC approved the listing of the University's common shares, its only listed securities, at an offer price of P100 per share. As of March 31, 2015, there are 16,514,354 listed shares, which include those held in treasury and shares held by the University's related parties. The University has a total of 10,863,517, 9,024,976 and 8,959,056 listed shares, which is equivalent to 65.93%, 65.73% and 65.25%, held by related parties as at March 31, 2015, 2014 and 2013, respectively, while there are 5,613,506, 4,706,327 and 4,772,247 listed shares owned by the public which is equivalent to 34.07%, 34.27% and 34.75% of the total outstanding shares as at March 31, 2015, 2014 and 2013.

As of March 31, 2015, 2014 and 2013, the closing price of the University's listed shares were P1,000, P1,103 and P1,220, respectively, per share.

24.2 Retained Earnings

Significant transactions affecting Retained Earnings, which includes the amount equivalent to the cost of the University's treasury shares of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

Appropriated Retained Earnings consist of appropriations for:

	2015	2014	2013
Property and investment acquisition	**P 1,542,500,000**	P 1,542,500,000	P 1,150,000,000
Expansion of facilities	**330,000,000**	294,200,000	300,000,000
General retirement	**90,000,000**	90,000,000	90,000,000
Purchase of equipment and improvements	**58,270,000**	115,000,000	75,000,000
Contingencies	**10,000,000**	10,000,000	10,000,000
Treasury shares	**3,733,100**	3,733,100	3,733,100
	P 2,034,503,100	P 2,055,433,100	P 1,628,733,100

The changes in the appropriated retained earnings are shown below.

	2015	2014	2013
Balance at beginning of year	**P 2,055,433,100**	P 1,628,733,100	P 1,718,503,100
Reversal of appropriations	**(56,730,000)**	(5,800,000)	(210,000,000)
Appropriations during the year	**35,800,000**	432,500,000	120,230,000
Balance at end of year	**P 2,034,503,100**	P 2,055,433,100	P 1,628,733,100

The University has made the necessary appropriations for the following purposes that are expected to be realized within one year from the end of the respective reporting period:

	2015	2014	2013
Expansion of facilities	**P 35,800,000**	P -	P 60,000,000
Property and investment acquisition	**-**	392,500,000	-
Purchase of equipment and improvements	**-**	40,000,000	25,000,000
General retirement	**-**	-	35,230,000
	P 35,800,000	P 432,500,000	P 120,230,000

The University reversed the following appropriations as the purpose for which such appropriations were made had been completed.

	2015	2014	2013
Purchase of equipment and improvements	**P 56,730,000**	P -	P -
Expansion of facilities	**-**	5,800,000	-
Property and investment acquisition	**-**	-	170,000,000
Contingencies	**-**	-	40,000,000
	P 56,730,000	P 5,800,000	P 210,000,000

(b) Dividend Declaration

The BOT approved the following dividend declarations in 2015, 2014 and 2013:

	Date of			
	Declaration	**Record**	**Payment/Issuance**	**Amount**
2015				
Cash dividend of P12 per share	June 17, 2014	July 1, 2014	July 15, 2014	P 164,775,636
20% stock dividend equivalent to 2,746,261 shares	July 15, 2014	September 9, 2014	Various dates	274,572,000
541 fractional shares paid out in cash at P100 per share				54,060
Cash dividend of P12 per share	January 20, 2015	February 3, 2015	February 17, 2015	197,724,276
				P 637,125,972
2014				
Cash dividend of P15 per share	June 18, 2013	July 2, 2013	July 17, 2013	P 205,969,545
Cash dividend of P12 per share	December 10, 2013	December 26, 2013	January 15, 2014	164,775,636
				P 370,745,181
2013				
Cash dividend of P12 per share	June 19, 2012	July 4, 2012	July 18, 2012	P 164,775,636
Cash dividend of P12 per share	December 18, 2012	January 8, 2013	January 23, 2013	164,775,636
				P 329,551,272

Unclaimed dividend checks as of March 31, 2015, 2014 and 2013 are presented as Dividends payable under the Trade and Other Payables account in the statements of financial position (see Note 15).

25. EARNINGS PER SHARE

EPS amounts were computed as follows:

	2015	2014 (As restated – see Note 24.2)	2013 (As restated – see Note 24.2
Net profit	**P 866,364,572**	P 820,252,922	P 785,936,366
Divided by number of outstanding shares, net of treasury stock of 37,331 shares	**16,477,023**	16,477,023 *	16,477,023 *
Basic and diluted EPS	**P 52.58**	P 49.78	P 47.70

**Restated after giving retrospective effect on the stock dividend declared on July 15, 2014.*

The weighted average number of shares outstanding as of March 31, 2015, 2014 and 2013 is computed as follows:

	Number of Shares	Months Outstanding	Weighted Number of Shares
Balance at beginning of year	13,731,303	12	164,775,636
Stock dividends	2,745,720	12	32,948,640
Balance at end of year	16,477,023		197,724,276
Divided by total months in 2015			12
Weighted average number of shares outstanding			16,477,023

As required by PAS 33, *Earnings per Share*, paragraph 28, retrospective adjustment to the earliest period presented was made on the University's EPS after considering that as if the stock dividends declared on July 15, 2014 occurred at the beginning of 2013. This adjustment was made to present comparative information but the amount of weighted average number of shares is not the actual amount and number of shares outstanding as of March 31, 2014 and 2013 (see Note 24.1).

The University has no dilutive potential common shares as of March 31, 2015, 2014 and 2013; hence, the diluted EPS is the same as the basic EPS in all the years presented.

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

The following are the post year-end events involving the University that did not have an impact on its 2015 financial statements:

26.1 Credit Accommodation

On May 19, 2015, the University's BOT approved the authority to avail of a financial credit accommodation of up to P1.0 billion to be used for facilities development of the FEU Alabang campus.

The said credit facility shall be covered by such terms and conditions which the local bank may prescribe.

26.2 Full Settlement of Interest-bearing Loan

In June 2015, the University fully settled the outstanding balance of its loan amounting to P679.9 million. Such loan is originally payable in quarterly installments until 2017 (see Note 16). Accordingly, the total carrying value of the outstanding loan payable as of March 31, 2015 is presented as part of current liabilities in the 2015 statement of financial position.

The full settlement of the loan did not give rise to any penalties on the part of the University.

26.3 Declaration of Cash Dividend

On June 16, 2015, the University's BOT approved the declaration of a cash dividend of P12 per share to all stockholders on record as of June 30, 2015, payable on July 14, 2015. Total cash dividend declared that will be taken up in fiscal year 2016 amounted to P197.7 million.

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the University:

27.1 Operating Lease Commitments – University as Lessee

(a) Lease Agreement with FRC

The University is a lessee under operating leases covering certain buildings for a period of 10 years from July 1, 2005 to June 30, 2015. As discussed in Note 23.3, in July 2011, FEU and FRC agreed to amend the existing lease contract changing the annual rental rate from P24.5 million subject to 10% escalation rate to an annual rate that is to be determined at the beginning of each year but at no rate lower than the previous year.

The University also entered into other contracts of lease for the land where the building occupied by FEU Makati is located for a period of 30 years and for the lease of various sports facilities covering a gymnasium, football field and classrooms for a period of 10 years, as discussed in Notes 23.4 and 23.3, respectively.

The future minimum rentals payable under these non-cancellable operating leases amounts to P126.90 million, P70.85 million and P78.03 million as of March 31,2015, 2014 and 2013, respectively, all of which are payable within one year.

27.2 Operating Lease Commitments – University as Lessor

The University leases out certain buildings to EAEF and FECSI and the mezzanine floor to FRC for a period of one to ten years until July 31, 2022 (see Notes 13 and 23).

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2015, 2014 and 2013 are as follows:

		2015		2014		2013
Within one year	P	52,021,632	P	45,650,974	P	58,858,784
After one year but not more than five years		2,142,857		4,955,540		1,920,000
More than five years		1,785,714		1,785,714		-
	P	55,950,203	P	52,392,228	P	60,778,784

27.3 Legal Claims

As of March 31, 2015 the University is a defendant in certain civil cases, which are pending before the National Labor Relations Commission, Court of Appeals and the Supreme Court. The University's management and its legal counsel believe that liabilities, if any, which may result from the outcome of these cases, will not materially affect the financial position and results of operations of the University. However, the University has appropriated portion of its retained earnings for the occurrence of these types of contingencies (see Note 24.2).

27.4 Others

There are other contingencies that arise in the normal course of business that are not recognized in the University's financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements, however, the University opted to generally appropriate portion of its retained earnings to cover for such contingencies (see Note 24.2).

28. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The University aims to provide returns on equity to shareholders while managing operational and strategic objectives. The University manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust capital structure, the University may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The University defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and revaluation reserves are excluded from capital for purposes of capital management. The BOT has overall responsibility for monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the University's external environment and the risks underlying the University's business, operation and industry.

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities divided by total adjusted equity. Capital for the reporting period March 31, 2015, 2014 and 2013 under review is summarized as follows:

	2015	2014	2013
Total liabilities	**P1,250,341,802**	P1,297,388,017	P1,234,212,460
Total adjusted equity	**5,372,197,350**	4,868,386,750	4,418,879,009
Debt-to-equity ratio	**0.23 : 1.00**	0.27 : 1.00	0.28 : 1.00

The University's goal in capital management is to maintain a lower liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00:1.00 (see Note 16). This is in line with the University's bank covenants related to its borrowings.

The University has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for all years presented.

There was no significant change in the University's approach to capital management during the year.

29. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information, which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

29.1 Requirements Under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

(a) Output VAT

In fiscal year 2015, the University declared output VAT as follows:

	Tax Base	Output VAT
Rental	P 60,846,794	P 7,301,615
Management fee	55,948,104	6,713,773
Sale of merchandise	18,306,711	2,196,805
	P 135,101,609	**P 16,212,193**

The outstanding output VAT payable amounting to P0.7 million as of March 31, 2015 is presented as part of Withholding and other taxes payable under the Trade and Other Payables account in the 2015 statement of financial position (see Note 15).

Pursuant to Section 109, *VAT Exempt Transactions*, of the National Internal Revenue Code of 1997, the University's receipts from tuition and other fees related to educational services are VAT exempt.

The tax base for rendering of services is based on the University's gross receipt for the year; hence, may not be the same with the amounts reported in the 2015 statement of profit or loss which is based on PFRS.

(b) Input VAT

Pursuant to Section 109, the University is not allowed any tax credit of input VAT on its purchases related to educational services.

(c) Taxes on Importation

The University did not have any importations in fiscal year 2015.

(d) Excise Tax

The University did not have any transactions in fiscal year 2015 which are subject to excise tax.

(e) Documentary Stamp Tax

In fiscal year 2015, the University paid and accrued documentary stamp tax (DST) for the following transactions:

Original issuance of shares of stock	P 1,373,179
Transcript of records	123,965
Lease contracts	59,458
Proxy forms for stockholder's meeting	12,615
Miscellaneous	440,542
	P 2,009,759

(f) Taxes and Licenses

The details of taxes and licenses in fiscal year 2015 are as follows [see Notes 18 and 29.2(d)]:

Real property tax	P 3,525,322
DST	2,009,759
Municipal license and permits	1,361,424
Community tax	10,500
Miscellaneous	230,380
	P 7,137,385

(g) Withholding Taxes

The details of total withholding taxes for the year ended March 31, 2015 are shown below.

Compensation	P 192,213,288
Expanded	22,462,180
Final	11,569,499
	P 226,244,967

(h) Deficiency Tax Assessments and Tax Cases

As of March 31, 2015, the University did not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

29.2 Requirements Under RR 19-2011

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2015 statement of profit or loss.

(a) Taxable Revenues

The composition of the University's taxable revenues for the fiscal year ended March 31, 2015 at special tax rate of 10% mainly comprise of tuition and other school fees amounting to P2,287,687,219.

(b) Deductible Costs of Services

The deductible costs of services for the year ended March 31, 2015, which is presented as Instructional and Academic and Maintenance and University Operations expenses under Operating Expenses in the 2015 statement of profit or loss, comprise the following:

Salaries, wages and benefits	P	886,836,844
Depreciation and amortization		127,199,394
Rental		86,745,527
Outside services		30,238,800
Materials, supplies and facilities		21,977,003
Miscellaneous		173,175,116
	P	**1,326,172,684**

(c) Taxable Non-operating and Other Income

The details of taxable non-operating and other income in fiscal year 2015, which are subject to special tax rate of 10% are shown below.

Rental income	P	53,580,955
Management fees		43,494,910
Realized foreign exchange gains		18,342,082
Income from sale of books and other merchandise		8,579,361
Others		43,883,042
	P	**167,880,350**

(d) Itemized Deductions

The amounts of itemized deductions in fiscal year 2015 at special tax rate of 10% are as follows:

Salaries and allowances	P	122,481,448
Impairment losses on receivables		43,033,521
Interest		36,056,787
Professional fees		34,957,262
Depreciation and amortization		33,802,982
Security services		22,761,459
SSS, GSIS, Philhealth, HDMF and other contributions		16,936,688
Subscriptions		15,637,951
Directors' bonus		13,500,000
Advertising and promotions		7,730,460
Taxes and licenses		7,137,385
Communication, light and water		4,894,591
Membership and registration		2,800,491
Bank charges		2,311,034
Other services		2,305,551
Software license costs		2,219,747
Conference and seminars		1,989,550
Other supplies and materials		1,600,097
Other employee-related expenses		1,502,055
Insurance		1,411,897
Office supplies		1,289,313
Fuel and oil		882,704
Transportation and travel		490,518
Representation and entertainment		80,226
Miscellaneous		2,663,776
	P	**380,477,493**

FAR EASTERN UNIVERSITY

P.O. BOX 609 MANILA, PHILIPPINES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **The Far Eastern University, Inc. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended March 31, 2015 and 2014, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic consolidated financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Reconciliation of Retained Earnings Available for Dividend Declaration
c. Schedule of PFRS Effective as of March 31, 2015
d. Schedule of Financial Indicators for March 31, 2015 and 2014
e. Map Showing the Relationship Between and Among the Company and its Related Entities

Management responsibility on the consolidated financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees reviews and approves the consolidated financial statements, and the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing and, and in its report to the Board of Trustees and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

AURELIO R. MONTINOLA III
Chair, Board of Trustees and
Chief Executive Officer

MICHAEL M. ALBA
President and Chief
Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSRIBED AND SWORN to before me this 14th day of July 2015, affiants exhibiting their Tax Identification Numbers as follows:

Name	TIN	Place Issued
Aurelio R. Montinola III	135-558-086	Philippines
Michael M. Alba	157-483-273	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines

NOTARY PUBLIC

ENRICO G. GILERA
Notary Public for Manila
Until December 2015
PTR No. 3826039; 01.06.2015; Manila
IBP No. 0981804; 01.05.2015; PPLM
Roll No. 35145; May 27, 1988
Compliance No. IV 0017359; April 23, 2013
Unit 403 Doña Consuelo Bldg.,
929 Nicanor Reyes St, Manila
Tel. No. 736-4975

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Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors

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The Board of Trustees and the Stockholders
The Far Eastern University, Incorporated and Subsidiaries
Nicanor Reyes, Sr. Street
Sampaloc, Manila

We have audited the accompanying consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2015, 2014 and 2013, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Far Eastern University, Incorporated and subsidiaries as at March 31, 2015, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 4748302, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 1185-AR-1 (until May 11, 2018)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-34-2014 (until Aug. 5, 2017)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

June 16, 2015

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	8	**P 887,447,257**	P 559,584,420	P 338,059,095
Trade and other receivables - net	9	**538,195,294**	363,282,079	402,521,059
Financial asset at fair value through profit or loss	10	**340,800**	-	18,629,900
Available-for-sale financial assets	11	**2,045,219,220**	1,765,336,184	1,652,448,209
Real estate held-for-sale	12	**131,526,860**	131,526,860	94,837,617
Other current assets - net	13	**201,672,695**	226,482,865	440,320,758
Total Current Assets		**3,804,402,126**	3,046,212,408	2,946,816,638
NON-CURRENT ASSETS				
Trade and other receivables - net	9	**-**	47,465,839	98,226,853
Available-for-sale financial assets	11	**422,640,557**	552,556,482	367,039,668
Investments in an associate and a joint venture	14	**6,726,839**	6,769,756	6,846,595
Property and equipment - net	15	**4,192,338,598**	3,914,179,071	3,221,446,603
Investment property - net	16	**647,176,278**	476,094,579	366,291,755
Deferred tax assets	23	**6,645,677**	2,238,847	12,897,723
Other non-current assets	13	**10,949,072**	7,931,610	7,702,000
Total Non-current Assets		**5,286,477,021**	5,007,236,184	4,080,451,197
TOTAL ASSETS		**P 9,090,879,147**	P 8,053,448,592	P 7,027,267,835
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	17	**P 751,289,327**	P 579,407,538	P 478,263,447
Interest-bearing loans	18	**688,955,389**	12,763,501	3,154,777
Derivative liability	10	**-**	14,433,500	-
Deferred revenues	19, 24	**46,510,369**	14,569,321	5,679,787
Income tax payable		**29,812,454**	13,095,621	10,204,672
Total Current Liabilities		**1,516,567,539**	634,269,481	497,302,683
NON-CURRENT LIABILITIES				
Interest-bearing loans	18	**33,591,271**	846,936,083	806,984,744
Deferred tax liabilities	23	**8,097,018**	20,352,881	41,480,547
Other non-current liabilities		**13,793,018**	13,630,418	16,953,803
Total Non-current Liabilities		**55,481,307**	880,919,382	865,419,094
Total Liabilities		**1,572,048,846**	1,515,188,863	1,362,721,777
EQUITY	25			
Equity attributable to owners of the parent company				
Capital stock		**1,651,435,400**	1,376,863,400	1,376,863,400
Treasury stock - at cost		**(33,855,641)**	(3,733,100)	(3,733,100)
Revaluation reserves		**136,401,540**	42,077,941	179,686,293
Retained earnings		**4,135,378,155**	3,743,328,450	3,259,048,975
Total equity attributable to owners of parent company		**5,889,359,454**	5,158,536,691	4,811,865,568
Non-controlling interest		**1,629,470,847**	1,379,723,038	852,680,490
Total Equity		**7,518,830,301**	6,538,259,729	5,664,546,058
TOTAL LIABILITIES AND EQUITY		**P 9,090,879,147**	P 8,053,448,592	P 7,027,267,835

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
REVENUES				
Educational	19			
Tuition fees - net		P 2,477,844,874	P 2,208,746,459	P 2,138,536,245
Other school fees		134,153,061	73,422,000	58,440,971
		2,611,997,935	2,282,168,459	2,196,977,216
Rental	16	117,937,492	98,411,239	89,322,857
Management fees	24	43,494,910	55,358,978	55,358,978
Sale of real estate	12	-	-	184,434,952
Other operating income		5,036,721	12,253,788	4,993,641
		2,778,467,058	2,448,192,464	2,531,087,644
COSTS AND OPERATING EXPENSES	20	1,772,881,489	1,618,887,807	1,625,892,874
OPERATING INCOME		1,005,585,569	829,304,657	905,194,770
FINANCE INCOME	21	221,596,123	223,421,624	248,832,138
FINANCE COSTS	21	(50,118,822)	(35,085,309)	(97,264,455)
OTHER INCOME	17	51,219,404	13,362,850	7,138,280
OTHER CHARGES	14	(42,917)	(76,839)	(37,481)
PROFIT BEFORE TAX		1,228,239,357	1,030,926,983	1,063,863,252
TAX EXPENSE	23	150,077,061	128,109,779	173,007,093
NET PROFIT		P 1,078,162,296	P 902,817,204	P 890,856,159
Attributable to:				
Owners of the parent company		P 1,028,967,513	P 855,024,656	P 800,228,225
Non-controlling interest		49,194,783	47,792,548	90,627,934
		P 1,078,162,296	P 902,817,204	P 890,856,159
Earnings Per Share				
Basic and Diluted	26	P 62.48	P 51.89	P 48.57

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Note	2015	2014	2013
NET PROFIT		**P 1,078,162,296**	P 902,817,204	P 890,856,159
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Fair value gains on available-for-sale financial assets - net of tax	11			
Gains during the year		**180,878,737**	44,421,859	126,557,100
Fair value gains reclassified to profit or loss		**(86,555,138)**	(182,030,211)	(30,420,305)
Other Comprehensive Income (Loss) - Net of tax		**94,323,599**	(137,608,352)	96,136,795
TOTAL COMPREHENSIVE INCOME		**P 1,172,485,895**	P 765,208,852	P 986,992,954
Attributable to:				
Owners of the parent company		**P 1,123,291,112**	P 717,416,304	P 896,365,020
Non-controlling interest		**49,194,783**	47,792,548	90,627,934
		P 1,172,485,895	P 765,208,852	P 986,992,954

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company							
					Retained Earnings				
	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Appropriated	Unappropriated	Total	Non-controlling Interest	Total Equity
Balance at April 1, 2014	25	P 1,376,863,400	(P 3,733,100)	P 42,077,941	P 2,055,433,100	P 1,687,895,350	P 3,743,328,450	P 1,379,723,038	P 6,538,259,729
Transactions with owners									
Issuance of shares of stock	25	-	-	-	-	-	-	240,000,000	240,000,000
Acquisition of treasury stock	25	-	(30,122,541)	-	-	-	-	-	(30,122,541)
Stock dividend	25	274,572,000	-	-		(274,572,000)	(274,572,000)	-	-
Cash dividends	25	-	-	-	-	(362,345,808)	(362,345,808)	(36,117,570)	(398,463,378)
Reduction in non-controlling interest	25	-	-	-	-	-	-	(3,329,404)	(3,329,404)
		274,572,000	(30,122,541)	-	-	(636,917,808)	(636,917,808)	200,553,026	(191,915,323)
Appropriations of retained earnings									
Appropriations for the period	25	-	-	-	35,800,000	(35,800,000)	-	-	-
Reversal of appropriations during the period	25	-	-	-	(56,730,000)	56,730,000	-	-	-
		-	-	-	(20,930,000)	20,930,000	-	-	-
Total comprehensive income									
Net profit for the year		-	-	-	-	1,028,967,513	1,028,967,513	49,194,783	1,078,162,296
Other comprehensive income	11	-	-	94,323,599	-	-	-	-	94,323,599
		-	-	94,323,599	-	1,028,967,513	1,028,967,513	49,194,783	1,172,485,895
Balance at March 31, 2015	25	**P 1,651,435,400**	**(P 33,855,641)**	**P 136,401,540**	**P 2,034,503,100**	**P 2,100,875,055**	**P 4,135,378,155**	**P 1,629,470,847**	**P 7,518,830,301**
Balance at April 1, 2013	25	P 1,376,863,400	(P 3,733,100)	P 179,686,293	P 1,628,733,100	P 1,630,315,875	P 3,259,048,975	P 852,680,490	P 5,664,546,058
Transactions with owners									
Issuance of shares of stock	25	-	-	-	-	-	-	479,250,000	479,250,000
Cash dividends	25	-	-	-	-	(370,745,181)	(370,745,181)	-	(370,745,181)
		-	-	-	-	(370,745,181)	(370,745,181)	479,250,000	108,504,819
Appropriations of retained earnings									
Appropriations for the year	25	-	-	-	432,500,000	(432,500,000)	-	-	-
Reversal of appropriations during the year	25	-	-	-	(5,800,000)	5,800,000	-	-	-
		-	-	-	426,700,000	(426,700,000)	-	-	-
Total comprehensive income (loss)									
Net profit for the year		-	-	-	-	855,024,656	855,024,656	47,792,548	902,817,204
Other comprehensive loss	11	-	-	(137,608,352)	-	-	-	-	(137,608,352)
		-	-	(137,608,352)	-	855,024,656	855,024,656	47,792,548	765,208,852
Balance at March 31, 2014	25	P 1,376,863,400	(P 3,733,100)	P 42,077,941	P 2,055,433,100	P 1,687,895,350	P 3,743,328,450	P 1,379,723,038	P 6,538,259,729

	Notes	Attributable to Owners of the Parent Company						Non-controlling Interest	Total Equity
		Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Retained Earnings - Appropriated	Retained Earnings - Unappropriated	Retained Earnings - Total		
Balance at April 1, 2012	25	P 1,376,863,400	(P 3,733,100)	P 83,549,498	P 1,718,503,100	P 1,069,868,922	P 2,788,372,022	P 481,302,556	P 4,726,354,376
Transactions with owners									
Issuance of shares of stock	25	-	-	-	-	-	-	280,750,000	280,750,000
Dividends declared	25	-	-	-	-	(329,551,272)	(329,551,272)	-	(329,551,272)
		-	-	-	-	(329,551,272)	(329,551,272)	280,750,000	(48,801,272)
Appropriations of retained earnings									
Appropriations for the period	25	-	-	-	120,230,000	(120,230,000)	-	-	-
Reversal of appropriations during the year	25	-	-	-	(210,000,000)	210,000,000	-	-	-
		-	-	-	(89,770,000)	89,770,000	-	-	-
Total comprehensive income									
Net profit for the year		-	-	-	-	800,228,225	800,228,225	90,627,934	890,856,159
Other comprehensive income	11	-	-	96,136,795	-	-	-	-	96,136,795
		-	-	96,136,795	-	800,228,225	800,228,225	90,627,934	986,992,954
Balance at March 31, 2013	25	P 1,376,863,400	(P 3,733,100)	P 179,686,293	P 1,628,733,100	P 1,630,315,875	P 3,259,048,975	P 852,680,490	P 5,664,546,058

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2015, 2014 AND 2013
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 1,228,239,357**	P 1,030,926,983	P 1,063,863,252
Adjustments for:				
Depreciation and amortization	20	**216,597,678**	146,856,813	113,128,527
Interest income	21	**(117,582,349)**	(126,315,197)	(173,385,612)
Other investment income from available-for-sale financial assets	21	**(89,197,997)**	(78,677,681)	(56,816,626)
Interest expense	21	**35,189,430**	1,067,645	2,592,997
Unrealized foreign exchange losses (gains) - net	21	**14,929,392**	(18,428,746)	10,765,730
Share in net losses of an associate	14	**42,917**	76,839	37,481
Impairment losses on receivables from related parties	21	**-**	954,264	83,905,728
Operating profit before working capital changes		**1,288,218,428**	956,460,920	1,044,091,477
Decrease (increase) in trade and other receivables		**(69,699,689)**	80,712,423	(162,306,690)
Decrease (increase) in financial asset at fair value through profit or loss		**(340,800)**	18,629,900	(18,629,900)
Decrease (increase) in real estate held-for-sale		**-**	(36,689,243)	24,621,654
Decrease (increase) in other current assets		**22,459,658**	217,784,232	(6,667,134)
Increase in trade and other payables		**138,219,985**	80,332,004	65,415,396
Increase (decrease) in derivative liability		**(14,433,500)**	14,433,500	(1,145,972)
Increase (decrease) in deferred revenues		**31,941,048**	8,889,534	(26,242,706)
Increase (decrease) in other non-current liabilities		**162,600**	(3,323,385)	12,049,871
Cash generated from operations		**1,396,527,730**	1,337,229,885	931,185,996
Income taxes paid		**(134,455,958)**	(134,431,605)	(163,080,412)
Net Cash From Operating Activities		**1,262,071,772**	1,202,798,280	768,105,584
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	15	**(600,066,483)**	(785,367,171)	(1,529,116,913)
Interest received		**215,698,568**	7,625,547	20,130,941
Advances to related parties	24	**(86,645,801)**	(30,537,540)	(19,717,134)
Acquisitions of investment properties	16	**(71,027,801)**	(133,315,204)	(105,560,173)
Net investment on available-for-sale financial assets		**(69,128,833)**	(225,735,693)	(113,711,250)
Advances from related parties	24	**26,934,928**	-	-
Collections of advances to related parties	24	**19,490,981**	38,870,848	21,856,492
Proceeds from disposal of property and equipment		**-**	27,326	-
Collection of loans receivable		**-**	-	55,200,000
Net Cash Used in Investing Activities		**(564,744,441)**	(1,128,431,887)	(1,670,918,037)

Forward

	Notes	2015	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	25	**(P 406,538,357)**	(P 349,933,094)	(P 312,088,083)
Proceeds from issuance of preferred stocks to a related party under common management	24	**240,000,000**	479,250,000	280,750,000
Repayments of interest-bearing loans	18	**(135,090,424)**	(7,421,452)	(6,146,862)
Interest paid	15	**(35,189,430)**	(31,804,701)	(7,696,765)
Acquisition of treasury shares	25	**(30,122,541)**	-	-
Proceeds of interest-bearing loans	18	**-**	56,981,515	800,000,000
Net Cash From (Used in) Financing Activities		**(366,940,752)**	147,072,268	754,818,290
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**(352,092)**	86,664	(42,731)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**330,034,487**	221,525,325	(148,036,894)
Effect of Deconsolidation of a Subsidiary	1	**(2,171,650)**	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**559,584,420**	338,059,095	486,095,989
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 887,447,257**	P 559,584,420	P 338,059,095

Supplemental Information on Noncash Investing and Financing Activities:

1) In 2015, 2014 and 2013, the University declared cash dividends totaling P362.3 million, P370.7 million and P329.6 million, respectively, of which, P6.0 million, P20.8 million and P17.5 million, respectively, were not paid in the year of declaration (see Notes 17 and 25).

2) In 2015 and 2014, certain assets amounting to P154.8 million and P12.9 million, respectively, were reclassified from the Property and Equipment account to the Investment Property account (see Notes 15 and 16).

3) In 2015, the University declared and issued stock dividend of P274.6 million (see Note 25).

4) In 2015, TMC - FRC Sports Performance and Physical Medicine Center, Inc. (SPARC) was deconsolidated (see Note 1).

5) In 2014 and 2013, the Group capitalized borrowing costs amounting to P30.7 million and P7.6 million, respectively (see Note 15).

See Notes to Consolidated Financial Statements.

(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Background of the University

The Far Eastern University, Incorporated (the University, FEU or parent company) is a domestic educational institution founded in June 1928, incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on October 27, 1933. On October 27, 1983, the University extended its corporate life to another 50 years. It became a listed corporation in the Philippine Stock Exchange (PSE) on July 11, 1986.

The University is a private, non-sectarian institution of learning comprising the following different institutes, that offer specific courses, namely: Institute of Arts and Sciences; Institute of Accounts, Business and Finance; Institute of Education; Institute of Architecture and Fine Arts; Institute of Nursing; Institute of Tourism and Hotel Management and Institute of Law.

Several programs of FEU, such as Liberal Arts, Commerce and Education, are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation.

As of March 31, 2015, 2014, and 2013, the University holds interest in the following subsidiaries, associate, and joint venture which were all incorporated and operating in the Philippines (see Note 14):

Company Name	Percentage of Effective Ownership		
	2015	2014	2013
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	**100%**	100%	100%
Far Eastern College – Silang, Inc. (FECSI)	**100%**	100%	100%
FEU Alabang, Inc.	**100%**	100%	100%
FEU High School, Inc. (FEU High)	**100%**	-	-
Fern Realty Corporation (FRC)	**37.52%**	37.52%	37.52%
TMC – FRC Sports Performance and Physical Medicine Center, Inc. (SPARC)	**-**	22.51%	22.51%
Associate – Juliana Management Company, Inc. (JMCI)	**49%**	49%	49%
Joint Venture – ICF – CCE, Inc.	**50%**	50%	50%

The parent company and its subsidiaries are collectively referred to herein as the Group.

Similar to the University, FECSI, EACCI and FEU Alabang, Inc. were established to operate as educational institutions offering general courses of study. FRC, on the other hand, operates as a real estate company leasing most of its investment properties to the University and other related parties.

On June 24, 2014, FEU High was established to offer and conduct enhanced basic education programs. Accordingly, the subsidiary will offer programs for senior high school in response to the implementation of the K-12 program.

Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of the Board of Directors (BOD) and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University.

In 2014 and 2013, SPARC, which is engaged in the business of maintaining a sports facility for rehabilitation and sports performance enhancement purposes, is also considered a subsidiary of the University through its 22.51% effective ownership interest in SPARC, through FRC's 60% ownership interest. In 2015, SPARC's BOD resolved to cease its business operations because of substantial financial losses that it had sustained and in order to salvage what is left of the investments of the shareholders. FRC, as a result, derecognized its investment in SPARC in its separate financial statements and had lost its control over the subsidiary. Accordingly, SPARC was deconsolidated in the Group's 2015 consolidated financial statements. The Group recognized receivable in 2015 representing the amount recoverable from FRC's investment in SPARC, which is presented as Receivable from SPARC under the Trade and Other Receivables account in the 2015 consolidated statement of financial position (see Note 9).

As of March 31, 2015, FEU Alabang, Inc. and FEU High are the only subsidiaries of the University that has not yet started commercial operations. These subsidiaries will start to operate upon approval by the Commission on Higher Education of their application for permits.

1.2 The University also has a branch in Makati which offers Law, Accountancy, Business and Information Technology education.***Other Corporate Information***

The registered offices and principal places of business of the University and its subsidiaries, associate and joint venture are as follows:

FEU, SPARC and FEU High	-	Nicanor Reyes Street, Sampaloc, Manila
EACCI	-	P. Paredes Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
FEU Alabang, Inc.	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City

FRC	-	Administration Building, FEU Compound, Nicanor Reyes, Sr. Street, Sampaloc, Manila
JMCI	-	E. Rodriguez Jr. Avenue corner Cpl. Cruz St., Bagong Ilog, Pasig City
ICF – CCE, Inc.	-	FEU Makati, Sen. Gil. J. Puyat Avenue corner Zuellig St., Makati City

1.3 Approval for Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended March 31, 2015 (including the comparative consolidated financial statements for the years ended March 31, 2014 and 2013) were authorized for issue by the Board of Trustees (BOT) on June 16, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of the Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy (BOA).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of the Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. In 2015, the Group started to present the consolidated statement of comprehensive income separately from the consolidated statement of profit or loss as management deemed it as the more appropriate presentation of the statements for the Group. In the same year, the Group presented Finance Income and Finance Costs as separate line items in the consolidated statements of profit or loss.

The Group presents two comparative periods for the consolidated statement of financial position regardless whether the Group has or does not have retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

(c) *Functional Currency*

These consolidated financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) *Effective in Fiscal Year 2015 that are Relevant to the Group*

In 2015, the Group adopted the following amendments and interpretation to PFRS that are relevant to the Group and effective for consolidated financial statements for the annual period beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
PFRS 10, PFRS 12 and PAS 27 (Amendments)	:	Exemption from Consolidation for Investment Entities
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21	:	Levies

Discussed below and in the succeeding pages are the effects on the consolidated financial statements of the amended standards and interpretation.

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process will satisfy the criterion for net settlement. As the Group does not present any of its financial assets and financial liabilities on a net basis in using the provisions of PAS 32, the amendment had no material effect on the Group's consolidated financial statements for any periods presented (see Note 5.2).

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less cost of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement*, such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the consolidated financial statements. This amendment did not result in additional disclosures in the consolidated financial statements since the recoverable amounts of the Group's non-financial assets where impairment losses have been recognized were determined based on value-in-use which have been adequately disclosed in accordance with PAS 36 (see Note 13).

(iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting.* The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Group does not apply hedge accounting on its derivative transactions, the amendment did not have any impact on the Group's consolidated financial statements.

(iv) PFRS 10, PFRS 12 and PAS 27 (Amendments), *Exemption from Consolidation for Investment Entities.* The amendments define the term "investment entity" and provide to such an investment entity an exemption from the consolidation of particular subsidiaries and instead require to measure investment in each eligible subsidiary at fair value through profit or loss in accordance with PAS 39, or PFRS 9, *Financial Instruments*, both in its consolidated or separate financial statements, as the case maybe. The amendments also require additional disclosures about the details of the entity's unconsolidated subsidiaries and the nature of its relationship and certain transactions with those subsidiaries. The Group has no unconsolidated subsidiaries; hence, the amendment has no material impact in the Group's consolidated financial statements.

(v) Philippine Interpretation IFRIC 21, *Levies.* This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, for the recognition of a liability for levy imposed by the government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the consolidated financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the consolidated financial statements as the Group's accounting policy with regards to the recognition and measurement of levies imposed by the government remained unchanged.

(b) Effective Subsequent to Fiscal Year 2015 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2015 which are adopted by the FRSC, subject to the approval of the BOA. Management will adopt the following pronouncements in accordance with their transitional provisions, and unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements.

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit.

(ii) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the consolidated financial statements. Accordingly, it clarifies that materiality applies to the whole consolidated financial statements and an entity shall not reduce the understandability of the consolidated financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using the equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that, in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the consolidated financial statements.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment - Clarification of Acceptable Method of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.

(iv) PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. This amendment permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.

(v) PFRS 10 (Amendment), *Consolidated Financial Statements* and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective from January 1, 2016). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vi) PFRS 11 (Amendment), *Joint Arrangements – Accounting for Acquisitions of Interest in Joint Operations* (effective from January 1, 2016). This amendment requires the acquirer of an interest in joint operations in which the activity constitutes a business as defined in PFRS 3 to apply all accounting principles and disclosure and requirements on business combination under PFRS 3 and other PFRSs, except for those principles that conflict with the guidance in PFRS 11.

(vii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the outstanding principal. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The Group does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(viii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment.* The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures.* The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

- PFRS 3 (Amendment), *Business Combinations.* This amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32. It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

- PFRS 8 (Amendment), *Operating Segments*. This amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, through a revision only in the basis of conclusion of PFRS 13, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of assets, or a business combination in reference to PFRS 3.

- PFRS 3 (Amendment), *Business Combination*s. It clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement under PFRS 11 in the consolidated financial statements of the joint arrangement itself.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

Annual Improvements to PFRS (2012-2014 Cycle)

- PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

- PAS 34 (Amendment), *Interim Financial Reporting.* The amendment clarifies the meaning of disclosure of information "elsewhere in the interim financial report" and requires the inclusion of a cross-reference from the interim financial statements to the location of this referenced information. The amendment also specifies that this information must be available to users of the interim consolidated financial statements on the same terms as the interim consolidated financial statements and at the same time, otherwise the interim consolidated financial statements will be incomplete.

- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the University and its subsidiaries as enumerated in Note 1.1, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. In addition, the shares of the parent company held by the subsidiaries are recognized as treasury shares and are presented as deduction in the consolidated statement of changes in equity. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as that of the University, using consistent accounting principles, except SPARC, which was deconsolidated in 2015 (see Note 1.1), and EACCI which have reporting period ending December 31 and April 30, respectively.

The University accounts for its investments in subsidiaries, an associate, a joint venture and non-controlling interests (NCIs) as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities over which the University has control. The University controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the University obtains control. The University reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries (see Note 2.4).

(b) *Investment in an Associate*

An associate is an entity over which the Group is able to exercise significant influence but which is neither a subsidiary nor interest in a joint venture. Investment in an associate is initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in an associate is also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognized as investment in an associate. All subsequent changes to the share in the equity of the associate are recognized in the carrying amount of the Group's investment.

Changes resulting from the profit or loss generated by the associate, if any, are reported as Other Charges in the Group's consolidated statement of profit or loss and, therefore, affect the net results of operations of the Group.

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in consolidated other comprehensive income or equity of the Group, as applicable. However, when the Group's share of net losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of net losses that has previously not been recognized.

Distributions received from the associate (e.g., dividends) are accounted for as a reduction of the carrying value of the investment.

In computing the Group's share in net profit or loss of the associate, unrealized gains or losses on transactions between Group and its associate are eliminated to the extent of the Group's interest in the associate. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a group perspective.

(c) *Investment in a Joint Venture (JV)*

The Group's interest in a jointly controlled entity is recognized in the consolidated financial statements of the Group using the equity method. Under the equity method, the interest in a jointly controlled entity is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share in the profit or loss of the JV after the date of acquisition. The Group's share in the profit or loss of the JV is adjusted for any unrealized gains arising from transactions with the JV against the related investment. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred (see Note 2.16). The JV is carried at equity method until the date on which the Group ceases to have joint control over the JV.

(d) Transactions with NCIs

The Group's transactions with NCIs that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments in NCIs result in gains and losses which the Group also recognizes in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, JV or financial asset. In addition, any amounts previously recognized in consolidated other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in consolidated other comprehensive income are reclassified to consolidated profit or loss.

2.4 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the University, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in consolidated profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the University recognizes any NCI in the acquiree, either at fair value or at the NCI's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.16).

Negative goodwill, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income.

For the purpose of impairment testing (see Note 2.16), goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the consolidated profit or loss or consolidated other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37 either in consolidated profit or loss or as a charge to consolidated other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: financial assets at FVTPL, loans and receivables, and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value, plus transaction costs. Financial assets carried at FVTPL are initially recognized at fair value and transaction costs related to it are recognized in consolidated profit or loss.

Currently, the Group's financial instruments are categorized as follows:

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or those that meet certain conditions and are designated by the entity to be carried at FVTPL upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in consolidated profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at FVTPL) may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Group enters into a cross currency swap agreement to manage its risks associated with fluctuations in foreign currency denominated instruments in corporate bonds. The host instruments are classified under AFS financial assets. Such derivative financial instruments are consistently recognized at fair value from the date on which the derivative contract is entered into and its subsequent remeasurements. Derivatives are carried as assets when the fair value is favorable to the Group and as liabilities when the fair value is favorable to the counterparty (see also Notes 2.10). Thus, if derivate asset is recognized, it is presented as Financial Asset at FVTPL; otherwise, it is presented as Derivative Liability in the consolidated statement of financial position.

The Group's derivative instruments provides economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to consolidated profit or loss for the period.

(b) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to officers and employees), part of Other Current Assets, with respect to short-term investments, and part of Other Non-current Assets, with respect to refundable deposits, in the consolidated statements of financial position.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in consolidated profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the consolidated profit or loss.

(c) *AFS Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets in the consolidated statements of financial position unless management intends to dispose of the investment within 12 months from the reporting period. The Group's AFS financial assets include listed equity securities, corporate and government bonds and unit investment trust funds (UITF).

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in consolidated other comprehensive income, net of any income tax effects, and are reported as Revaluation Reserves in the equity section of the consolidated statement of financial position. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in consolidated other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within consolidated other comprehensive income even though the financial asset has not been derecognized.

Reversal of impairment losses are recognized in consolidated other comprehensive income, except for financial assets that are debt securities which are recognized in consolidated profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, except those arising from operating activities, relating to financial assets that are recognized in consolidated profit or loss, are presented as part of Finance Income or Finance Costs in the consolidated statement of profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in consolidated profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.6 Real Estate Held-for-Sale

Acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title of the property as well as related property development costs are accumulated in this account.

Real estate held-for-sale is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

Real estate held-for-sale is expected to be sold within two to ten years from the time of acquisition, which is considered as the normal operating cycle of FRC with respect to its development and sale of real estate properties.

2.7 Other Assets

Other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), these other assets are classified under the non-current category.

2.8 Property and Equipment

Except for land, which is stated at cost less any impairment in value, property and equipment are stated at cost less accumulated depreciation, amortization and impairment in value, if any.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives of property and equipment are as follows:

Building and improvements	20 years
Furniture and equipment	3 – 6 years
Miscellaneous equipment	5 years

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.20) and other directly attributable costs of bringing the asset to working condition for its intended use. The account is not depreciated until such time that the assets are completed and available for use.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.16).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in consolidated profit or loss in the year the item is derecognized.

2.9 Investment Property

Investment property is measured initially at acquisition cost. Subsequently, investment property, except land, is carried at cost less accumulated depreciation and impairment in value. Depreciation of investment property, which consists of building and improvements, is computed using the straight-line method over its estimated useful life of 20 years. Land is carried at cost less impairment in value, if any.

Construction in progress includes condominiums that are purchased by FRC at a preselling state and to be turned over to FRC upon completion of construction works by its respective third party developers. This includes installment payments and other direct charges. The account is not depreciated until such time that the assets are completed and available for use.
Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end or commencement of owner-managed, commencement of an operating lease to another party or by the end of construction or development, or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the University accounts for such property in accordance with the policy stated under Property and Equipment up to the date of change in use (see Note 2.8).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in consolidated profit or loss in the year of retirement or disposal.

2.10 Financial Liabilities

Financial liabilities, which include trade and other payables [except tax-related liabilities and National Service Training Program (NSTP) trust fund], interest-bearing loans, derivative liability, and refundable deposits, which is presented under Other Non-current Liabilities account, are recognized when the Group becomes a party to the contractual terms of the instrument.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to consolidated profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, except derivative liability which are consistently measured at amortized cost, using the effective interest method for maturities beyond one year, less settlement payments.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the University.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the reporting period, or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in consolidated profit or loss.

2.11 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.12 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.13 Revenue and Expense Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services rendered, excluding value-added tax (VAT) and discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and, the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Tuition and other school fees* – Revenue is recognized in consolidated profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in consolidated profit or loss until the next reporting period and are presented as part of Deferred Revenues in the consolidated statement of financial position. Revenues from NSTP trust funds (see Note 2.19) are recognized upon fulfillment of conditions attached to the fund and/or up to the extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are recorded as NSTP trust fund under the Trade and Other Payables account in the consolidated statement of financial position.

(b) *Rental* – Revenue is recognized in the consolidated statement of profit or loss over the term of the lease using the straight-line method, and in certain cases, the amount determined using straight-line method or amount determined using a certain percentage of the lessee's gross annual revenue, whichever is higher. Rent received in advance is initially recorded as part of the Deferred Revenues account in the consolidated statements of financial position.

(c) *Management fees* – Revenue is recognized on a monthly basis upon rendering of the services.

(d) *Sale of real estate* – Revenue is recognized when the earnings process is virtually complete and collectability of the entire sales price is reasonably assured.

(e) *Income from sale of books and other educational-related merchandise* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer. This is generally when the customer has acknowledged delivery of goods. The sale of this merchandise is made exclusively for the students of the University and FECSI. This auxiliary income is presented as part of Other Income in the consolidated statements of profit or loss.

(f) *Interest* – Income is recognized as the interest accrues taking into account the effective yield on the asset.

Cost and expenses are recognized in consolidated profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred. All finance costs are reported in consolidated profit or loss, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset, on an accrual basis (see Note 2.20).

2.14 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in the consolidated statement of profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(b) *Group as Lessor*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.15 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as AFS financial assets are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in consolidated profit or loss, and other changes in the carrying amount are recognized in consolidated other comprehensive income.

2.16 Impairment of Non-financial Assets

The Group's investments in an associate and a joint venture, property and equipment, investment property and certain other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss is recognized in the consolidated profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.17 Employee Benefits

The Group provides post-employment benefits to employees through a defined contribution plan subject to compliance to a minimum guarantee required by Republic Act (RA) 7641, *The Retirement Pay Law,* which is accounted for as a defined benefit plan, and various compensations mandated by law. Such application of the minimum guarantee prescribed by RA 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of RA 7641*.

(a) Post-employment Benefits

The Group maintains a defined contribution plan that covers all regular full-time employees. Under its plan, the Group pays fixed contributions based on the employees' monthly salaries. The Group, however, is covered by RA 7641, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the Group recognizes its post-employment benefit obligation based on the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Group determines the net interest expense (income) on the defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in consolidated profit or loss.

The defined contribution, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in consolidated profit or loss. The Group recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

(b) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or, (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. These are included in the Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.18 Deposits Payable

This represents funds collected from students or entities that are held by the Group. The Group has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit. This is presented as part of the Trade and Other Payables account, under current liabilities in the consolidated statement of financial position, as they are normally short-term in nature.

2.19 Trust Funds

This represents restricted funds of the University, FECSI and EACCI that are intended for student's NSTP and other specific educational purposes [see also Note 2.13(a)]. The University, FECSI and EACCI administer the use of these NSTP trust fund based on the specific purpose for which such funds are identified with. This is presented as NSTP trust fund under the Trade and Other Payables account in the consolidated statements of financial position.

2.20 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income, if any, earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.21 Income Taxes

Tax expense recognized in consolidated profit or loss comprises the sum of deferred tax and current tax not recognized in consolidated other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in consolidated other comprehensive income or directly in equity are recognized in consolidated other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the University or any of its subsidiaries has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.22 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) certain funded retirement plans administered by trustees.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.23 Equity

Capital stock represents the nominal value of shares that have been issued.

Treasury stocks are stated at the cost of re-acquiring such shares and are deducted from equity attributable to the University's equity holders until the shares are cancelled, reissued or disposed of. This also includes shares of the parent company held by a certain subsidiary (see Note 2.3).

Revaluation reserves comprise accumulated gains or losses arising from the revaluation of AFS financial assets.

Retained earnings, both restricted and available for dividend declaration, include all current and prior period results of operations as reported in the consolidated statement of profit or loss. The appropriated portion represents the amount which is not available for distribution.

NCI represents the interests not held by the Group in FRC and SPARC. It also includes the preferred shares of stock of EACCI issued to a stockholder outside of the Group but under the Group's common management (see Note 25.4).

2.24 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit attributable to equity holders of the University by the weighted average number of shares subscribed and issued during the year after giving retroactive effect to stock dividend declared, stock split and reverse stock split during the current year, if any.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. The Group does not have dilutive potential shares outstanding that would require disclosure of diluted earnings per share in the consolidated statement of profit or loss.

2.25 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

2.26 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's strategic steering committee; its chief operating decision-maker. The strategic steering committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 7, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8 are the same as those used in its consolidated financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Evaluating Impairment of AFS Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the Group's AFS financial assets, management concluded that the assets are not impaired as of March 31, 2015, 2014 and 2013. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(b) Distinguishing Investment Properties and Owner-managed Properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately under a finance lease), the Group accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes.

Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

In 2015, the lease agreement between East Asia Educational Foundation, Inc. (EAEFI) and the University for certain land and building had ceased. Accordingly, the carrying value of the land and building that is being leased out to EAEFI were reclassified from the Investment Property account to the Property and Equipment account in the 2015 consolidated statement of financial position (see Notes 15 and 16).

(c) *Distinguishing Operating and Finance Leases*

The Group has entered into various lease agreements as either a lessor or a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Currently, all of the Group's lease agreements are determined to be operating leases.

(d) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and contingencies are discussed in Note 2.12 and specific disclosure on relevant provisions and contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Estimating Impairment of Trade and Other Receivables*

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, history of the students' payment behavior, age of receivables and other external factors affecting the education industry.

The Group constantly reviews the age and status of receivables and identifies accounts that should be provided with allowance. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 9.

(b) *Determining Fair Value Measurement for Financial Instruments other than Loans and Receivables*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's AFS financial assets and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 11. On the other hand, fair value gains or losses on cross-currency swap agreements are presented as part of Fair value gains or losses on financial assets at FVTPL under Finance Income or Finance Costs in the consolidated statement of profit or loss (see Note 21).

(c) *Estimating Useful Lives of Investment Property and Property and Equipment*

The Group estimates the useful lives of investment property and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment and investment property are presented in Notes 15 and 16, respectively.

Based on management's assessment as at March 31, 2015, 2014 and 2013, there is no change in the estimated useful lives of the assets during those years. Actual results, however, may vary due to changes in factors mentioned above.

(d) *Determining Fair Value of Investment Properties*

Investment property is measured using the cost model. In determining the fair value of these assets for disclosure purposes, the Group engages the services of a professional and independent appraiser applying the relevant valuation methodologies as discussed in Note 6.

For investment property with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

For investment property without appraisal report, the fair value disclosed in the consolidated financial statements is determined by the Group using the discounted cash flows valuation technique since information on appraisal reports is not readily available. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rentals, expected future market rentals, and appropriate discount rates. These valuations are regularly compared to actual to market yield data, and actual transactions by the Group and those reported by the market.

(e) *Estimating Impairment of Non-financial Assets*

The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.16. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, no impairment loss is required to be recognized on the investment in an associate and a joint venture, investment property, and property and equipment in 2015, 2014 and 2013.

(f) *Determining Recoverable Value of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets as at March 31, 2015, 2014 and 2013 are fully recoverable and will be fully utilized within the prescribed periods, except for the related benefits of net operating loss carryover (NOLCO) and other temporary differences of certain subsidiaries, as it is expecting that the Group will generate sufficient taxable profits in the future against which the assets can be applied (see Note 23).

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. Its main purpose for its dealings in financial instruments is to fund operational and capital expenditures. The BOT has the overall responsibility for the establishment and oversight of the Group's risk management framework. It has a risk management committee headed by an independent trustee that is responsible for developing and monitoring the Group's policies, which address risk management areas.

Management is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of these policies in relation to the risks faced by the Group.

The Group does not engage in trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described in the succeeding pages.

4.1 Market Risk

(a) *Foreign Currency Risk*

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from certain AFS debt securities which are denominated in U.S. dollars (USD) and Euro (EUR). The Group also holds USD-denominated cash and cash equivalents.

To mitigate the Group's exposure to foreign currency risk related to the foreign currency-denominated AFS debt securities, management entered into a cross-currency swap agreement. As to the dollar deposit, management keeps the amount of deposits at a low level.

Foreign currency-denominated financial assets, translated into Philippine pesos at the closing rate follow:

	2015		2014		2013	
	USD	**EUR**	USD	EUR	USD	EUR
Short-term exposure – Financial assets	**P 581,584**	**P -**	P 88,764	P -	P 3,962,877	P -
Long-term exposure – Financial assets	**P 289,725,417**	**P 53,893,716**	P 309,044,002	P 68,785,580	P147,193,807	P 58,496,721

The table below illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD and EUR exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 68% confidence level.

	2015			2014			2013		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in profit before tax	Effect in equity
PhP - USD	**8.29%**	**(P 48,213)**	**(P 24,018,237)**	20.61%	(P 18,294)	(P63,693,969)	14.25%	(P 564,570)	(P 20,969,907)
PhP - EUR	**52.05%**	**-**	**(28,051,679)**	33.31%	-	(22,912,477)	17.58%	-	(10,285,726)
		(P 48,213)	**(P 52,069,916)**		(P 18,294)	(P86,606,446)		(P 564,570)	(P 31,255,633)

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's foreign currency risk.

(b) *Interest Rate Risk*

The Group's exposure to interest rate risk arises from the following interest-bearing financial instruments which are subject to variable interest rates. All other financial assets and financial liabilities have fixed rates.

	Notes	**2015**	2014	2013
Cash and cash equivalents	8	**P 887,246,321**	P 559,380,865	P 337,545,519
AFS financial assets (debt securities)	11	**1,446,499,583**	1,495,509,753	1,645,490,432
Short-term investments	13	**104,480,844**	134,944,032	393,155,724
Interest-bearing loans	18	**(676,923,077)**	(800,000,000)	(800,000,000)
		P 1,761,303,671	P 1,389,834,650	P 1,576,191,675

The following table illustrates the sensitivity of profit before tax for the years with regard to the Group's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months, estimated at a 68% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at March 31, 2015, 2014 and 2013.

	2015		2014		2013	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	**+/-0.18%**	**P 1,597,043**	+/-0.46%	P 2,573,152	+/-0.41%	P 1,383,937
AFS financial assets						
(debt securities)	**+/-3.89%**	**56,268,834**	+/-0.59%	8,823,508	+/-1.16%	19,087,689
Short-term investments	**+/-3.89%**	**4,064,305**	+/-0.59%	796,170	+/-1.16%	4,560,606
Interest-bearing loans	**+/-0.61%**	**(4,129,231)**	+/-0.65%	(5,200,000)	+/-0.93%	(7,440,000)
		P 57,800,951		P 6,992,830		P 17,592,232

(c) Other Price Risk

The Group's exposure to price risk arises from its investments in equity securities, which are classified as part of the AFS Financial Assets in the consolidated statements of financial position. These consist of publicly-listed equity securities which are carried at fair value.

Management monitors its equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

For equity securities listed in the Philippines, an average volatility of 16.69%, 17.43% and 12.27% has been observed during 2015, 2014 and 2013, respectively. If quoted prices for these securities increased or decreased by that amount, profit before tax would have changed by P124.4 million, P143.3 million and P45.9 million in 2015, 2014 and 2013, respectively.

No sensitivity analysis was provided for government and corporate bonds, and investments in UITF classified as AFS financial assets as management deemed that the risk at the end of the year is not representative of a risk inherent in financial instruments.

The investments are considered medium to long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments, except as discussed in Notes 10 and 11 in connection with its investment in certain foreign currency denominated corporate debt instruments which are also subject to a cross-currency swap agreement. The investments are continuously monitored to ensure returns of these equity instruments are timely utilized or reinvested in the Group's favor.

4.2 Credit Risk

Credit risk represents the loss the Group would incur if the counterparty fails to perform its contractual obligations. The Group's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and students to fully settle the unpaid balance of tuition fees and other charges which are owed to the Group based on installment payment schemes.

The Group has established controls and procedures to minimize risks of non-collection. Students are generally not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid.

The Group also withholds the academic records and clearance of the students with unpaid balances; thus, ensuring that collectability is reasonably assured. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through setting limits and monitoring closely said accounts.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

	Notes	**2015**	2014	2013
Cash and cash equivalents	8	**P 887,447,257**	P 559,584,420	P 338,059,095
Trade and other receivables – net	9	**531,858,632**	404,552,152	493,525,522
Financial asset at FVTPL	10	**340,800**	-	18,629,900
AFS financial assets (debt securities)	11	**1,446,499,583**	1,495,509,753	1,645,490,432
Short-term investments	13	**104,480,844**	134,944,032	393,155,724
Refundable deposits	13	**7,176,868**	3,929,796	3,929,796
		P 2,977,803,984	P 2,598,520,153	P 2,892,790,469

The table below shows the credit quality of the Group's financial assets as at March 31, 2015, 2014 and 2013 having past due but not impaired components.

	Notes	**Neither past due nor impaired**	**Past due and impaired**	**Total**
2015				
Cash and cash equivalents	8	P 887,447,257	P -	P 887,447,257
Trade and other receivables – net	9	475,881,356	55,977,276	531,858,632
Financial assets at FVTPL	10	340,800	-	340,800
AFS financial assets (debt securities)	11	1,446,499,583	-	1,446,499,583
Short-term investments	13	104,480,844	-	104,480,844
Refundable deposits	13	7,176,868	-	7,176,868
		P 2,921,826,708	**P 55,977,276**	**P 2,977,803,984**
2014				
Cash and cash equivalents	8	P 559,584,420	P -	P 559,584,420
Trade and other receivables – net	9	357,966,474	46,585,678	404,552,152
AFS financial assets (debt securities)	11	1,495,509,753	-	1,495,509,753
Short-term investments	13	134,944,032	-	134,944,032
Refundable deposits	13	3,929,796	-	3,929,796
		P 2,551,934,475	P 46,585,678	P 2,598,520,153

	Notes	Neither past due nor impaired	Past due and impaired	Total
2013				
Cash and cash equivalents	8	P 338,059,095	P -	P 338,059,095
Trade and other receivables – net	9	358,641,555	134,883,967	493,525,522
Financial asset at FVTPL	10	18,629,900	-	18,629,900
AFS financial assets (debt securities)	11	1,645,490,432	-	1,645,490,432
Short-term investments	13	393,155,724	-	393,155,724
Refundable deposits	13	3,929,796	-	3,929,796
		P 2,757,906,502	P 134,883,967	P 2,892,790,469

The Group's management considers that all the above financial assets are not impaired and of good credit quality, except those specifically provided with allowance for impairment at the end of the reporting period. The age of past due but not impaired receivables is about six months for each of the three years presented.

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements. These are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

In respect of trade and other receivables, the Group has neither any significant exposure to any individual customer or counterparty nor does it have any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties. The Group classifies tuition and other fee receivables from students based on the number of semesters the receivables have been outstanding. Receivables from students that are outstanding for more than one semester are analyzed to determine whether they are impaired. Those that are not outstanding for more than one semester or are currently receivable are determined to be collectible, based on historical experience.

(c) Financial Assets at FVTPL and AFS Financial Assets

Financial assets at FVTPL and AFS financial assets are coursed through reputable financial institutions duly approved by the BOT.

4.3 Liquidity Risk

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and ensures that future cash collections are sufficient to meet them in accordance with internal policies. The Group invests in short-term placements when excess cash is obtained from operations.

As at March 31, 2015, 2014 and 2013 the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
2015			
Trade and other payables	P 647,217,342	P 7,876,714	P -
Interest-bearing loans	684,548,185	6,217,262	34,006,754
Refundable deposits (presented under Other Non-current Liabilities)	-	-	3,701,378
	P1,331,765,527	**P 14,093,976**	**P 37,708,132**
2014			
Trade and other payables	P 479,556,137	P 3,866,207	P -
Interest-bearing loans	7,088,079	6,338,079	954,507,227
Derivative liability	-	14,433,500	-
Refundable deposits (presented under Other Non-current Liabilities)	-	-	3,063,144
	P 486,644,216	P 24,637,786	P 957,570,371
2013			
Trade and other payables	P 395,712,835	P 2,550,908	P -
Interest-bearing loans	2,306,123	1,223,654	944,078,904
Refundable deposits (presented under Other Non-current Liabilities)	-	-	4,632,374
	P 398,018,958	P 3,774,562	P 948,711,278

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of financial assets and financial liabilities measured at fair value that are presented in the consolidated statements of financial position are shown below.

		2015		2014		2013	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets							
Financial asset at FVTPL – Cross-currency swaps	10	**P 340,800**	**P 340,800**	P -	P -	P 18,629,900	P 18,629,900
AFS financial assets:							
Debt securities	11	**1,446,499,583**	**1,446,499,583**	1,495,509,753	1,495,509,753	1,645,490,432	1,645,490,432
Equity securities	11	**1,021,360,194**	**1,021,360,194**	822,382,913	822,382,913	373,997,445	373,997,445
Investment in golf club shares	13	**2,050,000**	**2,050,000**	2,050,000	2,050,000	2,050,000	2,050,000
		2,469,909,777	**2,469,909,777**	2,319,942,666	2,319,942,666	2,021,537,877	2,021,537,877
		P 2,470,250,577	**P 2,470,250,577**	P 2,319,942,666	P 2,319,942,666	P 2,040,167,777	P 2,040,167,777
Financial liabilities							
Derivative liability – Cross-currency swaps	10	**P -**	**P -**	P 14,433,500	P 14,433,500	P -	P -

Except for the financial assets and financial liability presented above, the Group has no other financial assets and/or financial liabilities that are carried at fair value or that are not carried at fair value but are required to be disclosed at fair value (see Note 6.3). Management determined that the carrying amounts of these other financial instruments are equal to or approximate their fair values; hence, no further comparison between the carrying amounts and fair values is presented.

See Notes 2.5 and 2.10 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The Group's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Other Current Assets account in the consolidated statements of financial position (see Notes 8 and 13) are subject to offsetting, enforceable master netting arrangements and similar agreements in 2015, 2014 and 2013 are as follows:

	Gross amounts recognized in the consolidated statements of financial position		Net amount presented in the consolidated financial statement of position	Related amounts that can potentially be set-off in the consolidated statements of financial position		
	Financial Assets	Financial liabilities set-off		Financial instruments	Cash collateral received	Net amount
March 31, 2015	**P 402,039,103**	**P -**	**P 402,039,103**	**(P 676,923,077)**	**P -**	**(P 274,883,974)**
March 31, 2014	P 209,017,368	P -	P 209,017,368	(P 800,000,000)	P -	(P 590,982,632)
March 31, 2013	P 378,861,526	P -	P 378,861,526	(P 800,000,000)	P -	(P 421,138,474)

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., depository bank) allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis.

All other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (i.e., related parties) will have the option to settle all such amounts on a net basis through the approval by both parties' BOT or BOD. As such, the Group's outstanding receivables from and payables to the same related parties can potentially be offset to the extent of their corresponding outstanding balances.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurable date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.2 Financial Instruments Measurement at Fair Value

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of March 31, 2015, 2014 and 2013.

	Level 1	Level 2	Level 3	Total
2015				
AFS financial assets:				
Debt securities:				
Government	P 484,666,003	P -	P -	P 484,666,003
Corporate	961,833,580	-	-	961,833,580
Equity securities	1,021,360,194	-	2,050,000	1,023,410,194
Financial asset at FVTPL –				
Cross-currency swaps	-	340,800	-	340,800
	P 2,467,859,777	**P 340,800**	**P 2,050,000**	**P2,470,250,577**
2014				
AFS financial assets:				
Debt securities:				
Government	P 451,389,849	P -	P -	P 451,389,849
Corporate	1,044,119,904	-	-	1,044,119,904
Equity securities	822,382,913	-	2,050,000	824,432,913
	P 2,317,892,666	P -	P 2,050,000	P 2,319,942,666
Derivative liability –				
Cross currency swaps	P -	(P 14,433,500)	P -	(P 14,433,500)
2013				
AFS financial assets:				
Debt securities:				
Government	P 882,641,861	P -	P -	P 882,641,861
Corporate	762,848,571	-	-	762,848,571
Equity securities	373,997,445	-	2,050,000	376,047,445
Financial asset at FVTPL –				
Cross currency swaps	-	18,629,900	-	18,629,900
	P 2,019,487,877	P 18,629,900	P 2,050,000	P 2,040,167,777

There were neither transfers between levels nor changes in levels of classification of instruments in all the years presented.

Described below and in the succeeding page are the information about how the fair values of the Group's classes of financial assets and financial liabilities are determined.

a) Equity securities

As of March 31, 2015, 2014 and 2013, instruments included in Level 1 comprise of corporate shares and UITF which are classified as AFS financial assets. The corporate shares were valued based on their market prices quoted in the PSE at the end of each reporting period, while the UITF is valued based on the Net Asset Value per unit (NAVPU) of the fund, as compared by the banks. NAVPU is computed by dividing the total fair value of the fund by the total number of units at the end of each reporting period.

Golf club shares, which are presented as part of Other Non-current Assets account in the consolidated statements of financial position, are included in Level 3 since its market value is not quoted in an active market, hence, measured by reference to the fair value of a comparable instrument adjusted for inputs internally developed by management to consider the differences in corporate profile and historical performance of the entity.

b) Debt securities

The fair value of the Group's debt securities which consist of government and corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

c) Derivatives

Derivatives classified as financial asset at FVTPL are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of the Group's financial assets and financial liabilities measured at amortized costs, as described in Notes 2.5 and 2.10, their fair values as at March 31, 2015, 2014 and 2013 approximate or equal their carrying amounts. Accordingly, the Group no longer presented their classification in their hierarchy.

6.4 Fair Value Measurement for Non-financial Assets

(a) Determining Fair Value of Investment Property

The table below shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of March 31, 2015 and 2014 (see Note 16.4).

	Level 1	Level 2	Level 3	Total
2015				
Land	P -	P 407,100,000	P -	P 407,100,000
Building and improvements	-	-	776,203,371	776,203,371
	P -	**P 407,100,000**	**P 776,203,371**	**P 1,183,303,371**
2014				
Land	P -	P 765,840,264	P -	P 765,840,264
Building and improvements	-	-	287,704,000	287,704,000
	P -	P 765,840,264	P 287,704,000	P 1,053,544,264

The fair value of the Group's investment property, except for certain investment property owned by FRC which were determined using the discounted cash flows technique since information on appraisal reports is not readily available, are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

The fair value of FRC's investment property without appraisal report was determined by calculating the present value of the cash inflows anticipated until the end of the useful life of the asset using a discount rate of 4.48% based on bank lowest lending rate as of March 31, 2015.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair values of these non-financial assets were determined based on the following approaches:

(i) *Fair Value Measurement for Land*

The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot, hence, the higher the price per square foot, the higher the fair value.

The Level 3 fair value of land was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses.

(ii) *Fair Value Measurement for Building and Improvements*

The Level 3 fair value of the buildings and improvements included under the Investment Property account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

(b) *Other Fair Value Information*

There were no transfers into or out of Level 3 fair value hierarchy in 2015, 2014 and 2013. Portion of land previously classified as Level 2 in 2014 was reclassified to Property and Equipment account due to the change in intended use for the property (see Note 16). Accordingly, the fair value of the land disclosed in the 2015 fair value hierarchy was reduced for the portion that is attributable to the property transferred.

7. SEGMENT INFORMATION

7.1 Business Segments

The Group is organized into different business units based on its services or line of business for purposes of management assessment of each unit. In identifying its operating segments, management generally follow the Group's three major lines of business namely education, real estate and investment activities. These are the basis of the Group in reporting to its strategic steering committee for its strategic decision-making activities.

Also, the Group reports geographical segments in which FEU campuses are located.

7.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, AFS financial assets, real estate held-for-sale, investment property, and property and equipment.

Segment assets do not include investments in an associate and a joint venture, deferred tax assets and other assets which are not allocated to any segment's assets.

Segment liabilities include all operating liabilities as presented in the consolidated statements of financial position, except for deferred tax liabilities.

7.3 Intersegment Transactions

Segment revenues, expenses and performance include revenues and purchases between business segments and between geographical segments. Such services and purchases are eliminated in consolidation.

7.4 Analysis of Segment Information

Segment information can be analyzed by business line as follows for the years ended March 31, 2015, 2014 and 2013 (in thousands):

	Education			Real Estate – Rental Income			Real Estate – Sale of Properties			Investments			Total		
	2015	2014	2013	**2015**	2014	2013	**2015**	2014	2013	**2015**	2014	2013	**2015**	2014	2013
REVENUES															
From external customers	**P 2,611,998**	P 2,282,168	P 2,196,977	**P 117,938**	P 98,411	P 89,323	**P -**	P 6,401	P184,435	**P 221,596**	P 223,422	P 248,832	**P 2,951,533**	P 2,610,402	P 2,719,567
Intersegment revenues	**-**	-	-	**88,027**	85,325	73,682	**-**	-	19,839	**-**	-	1,820	**88,027**	85,325	95,341
Total revenues	**2,611,998**	2,282,168	2,196,977	**205,965**	183,736	163,005	**-**	6,401	204,274	**221,596**	223,422	250,652	**3,039,560**	2,695,727	2,814,908
COSTS AND OTHER OPERATING EXPENSES															
Cost of sales and services excluding depreciation	**1,262,011**	1,136,428	1,363,076	**27,593**	27,875	25,334	**-**	-	24,622	**-**	4,421	5,352	**1,289,604**	1,168,724	1,418,384
Depreciation	**160,499**	107,011	79,422	**54,777**	36,383	30,666	**-**	-	-	**-**	3,461	3,041	**215,276**	146,855	113,129
Other expenses	**274,455**	313,884	107,061	**-**	-	-	**-**	-	-	**420**	57	-	**274,876**	313,941	107,061
	1,696,965	1,557,323	1,549,559	**82,370**	64,258	56,000	**-**	-	24,622	**420**	7,939	8,393	**1,779,756**	1,629,520	1,638,574
SEGMENT OPERATING INCOME	**P 915,033**	P 724,845	P 647,418	**P 123,595**	P 119,478	P 107,005	**P -**	P 6,401	P179,652	**P 221,176**	P 215,483	P 242,259	**P 1,259,804**	P 1,066,207	P 1,176,334
TOTAL ASSETS AND LIABILITIES															
Segment assets	**P 3,597,320**	P 3,122,937	P 2,282,312	**P2,523,488**	P2,196,878	P1,121,883	**P 194,334**	P 195,071	P175,266	**P3,101,145**	P 2,740,788	P 2,567,422	**P 9,416,287**	P 8,365,478	P 7,221,878
Segment liabilities	**P 1,536,648**	P 1,510,012	P 1,321,614	**P 55,035**	P 10,044	P 10,380	**P -**	P -	P -	**P 857**	P -	P -	**P 1,592,540**	P 1,520,056	P 1,331,994

The Group's geographical segment for the years ended March 31, 2015, 2014 and 2013 follows (in thousands).

	Manila	Makati	Cavite	Total
2015				
Segment revenues				
From external customers	P 2,722,314	P 152,437	P 76,782	P 2,951,533
Intersegment revenues	79,626	8,401	-	88,027
Total revenues	2,801,940	160,838	76,782	3,039,560
Operating expenses	(1,694,873)	(23,684)	(61,199)	(1,779,756)
Segment operating profit	**P 1,107,067**	**P 137,154**	**P 15,583**	**P 1,259,804**
Total Segment Assets	**P 9,274,542**	**P 72,719**	**P 69,026**	**P 9,416,287**
Total Segment Liabilities	**P 1,575,597**	**P 9,782**	**P 7,161**	**P 1,592,540**
2014				
Segment revenues				
From external customers	P 2,391,476	P 153,950	P 64,976	P 2,610,402
Intersegment revenues	77,324	8,001	-	85,325
Total revenues	2,468,800	161,951	64,976	2,695,727
Operating expenses	(1,549,172)	(28,466)	(51,882)	(1,629,520)
Segment operating profit	P 919,628	P 133,485	P 13,094	P 1,066,207
Total Segment Assets	P 8,245,543	P 65,546	P 54,389	P 8,365,478
Total Segment Liabilities	P 1,504,104	P 9,049	P 6,903	P 1,520,056
2013				
Segment revenues				
From external customers	P 2,548,556	P 129,204	P 41,807	P 2,719,567
Intersegment revenues	85,612	7,870	1,859	95,341
Total revenues	2,634,168	137,074	43,666	2,814,908
Cost of real estate sales	(25,334)	-	-	(25,334)
Operating expenses	(1,533,847)	(33,124)	(46,269)	(1,613,240)
Segment operating profit (loss)	P 1,074,987	P 103,950	(P 2,603)	P 1,176,334
Total Segment Assets	P 7,129,074	P 58,236	P 34,568	P 7,221,878
Total Segment Liabilities	P 1,320,106	P 6,853	P 5,035	P 1,331,994

7.5 Reconciliation

Presented below and in the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements (in thousands).

	2015	2014	2013
Revenue			
Total segment revenues	**P 3,039,560**	P 2,695,727	P 2,814,908
Elimination of intersegment revenues	**(88,027)**	(85,325)	(95,341)
Finance income	**(221,596)**	(223,422)	(248,832)
Management fees	**43,495**	55,359	55,359
Revenue from non-reportable segment	**5,035**	5,853	4,994
Revenues as reported in profit or loss	**P 2,778,467**	P 2,448,192	P 2,531,088

	2015	2014	2013
Profit or loss			
Segment operating profit	**P 1,259,804**	P 1,066,207	P 1,176,334
Finance costs	**(50,119)**	(35,085)	(97,264)
Management fees	**43,495**	55,359	55,359
Other charges	**(43)**	(77)	(37)
Other income	**51,219**	13,363	7,138
Other unallocated expense	**(76,117)**	(68,840)	(77,667)
Tax expense	**(150,077)**	(128,110)	(173,007)
Group net profit as reported in profit or loss	**P 1,078,162**	P 902,817	P 890,856
Assets			
Segment assets	**P 9,416,287**	P 8,365,478	P 7,221,878
Investments in an associate and a joint venture	**6,727**	6,770	6,847
Deferred tax assets	**6,646**	2,239	12,898
Elimination of intercompany accounts	**(338,781)**	(321,038)	(214,355)
Total Assets	**P 9,090,879**	P 8,053,449	P 7,027,268
Liabilities			
Segment liabilities	**P 1,592,540**	P 1,520,056	P 1,331,994
Deferred tax liabilities	**8,097**	20,353	41,481
Elimination of intercompany accounts	**(28,588)**	(25,220)	(10,753)
Total Liabilities	**P 1,572,049**	P 1,515,189	P 1,362,722

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of March 31:

	2015	2014	2013
Cash on hand and in banks	**P 367,432,080**	P 316,507,323	P 228,947,190
Short-term placements	**520,015,177**	243,077,097	109,111,905
	P 887,447,257	P 559,584,420	P 338,059,095

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group.

As of March 31, 2015, 2014 and 2013, these placements earn effective annual interest as follows:

	2015	2014	2013
Peso placements	**0.6% – 2.3%**	1.0% – 2.0%	2.4% – 3.7%
USD-denominated placements	**0.8%**	0.4%	0.4%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 21.1). The related interest receivable from placements as of March 31, 2015, 2014 and 2013 is presented as part of Accrued interest under the Trade and Other Receivables – Net account in the consolidated statements of financial position (see Note 9).

9. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**2015**	2014	2013
Current:				
Non-related parties:				
Tuition and other school fees		**P 393,551,598**	P 261,630,447	P 281,746,522
Accounts receivable	12	**57,500,000**	53,559,594	76,517,435
Rental receivable		**1,271,703**	-	2,322,513
		452,323,301	315,190,041	360,586,470
Related parties:				
Non-trade advances	24.2, 24.5	**73,007,764**	5,852,944	98,091,979
Management fee receivable	24.3	**24,983,823**	56,534,249	52,242,167
Rental receivable	24.4	**7,246,292**	6,226,344	2,913,852
		105,237,879	68,613,537	153,247,998
		557,561,180	383,803,578	513,834,468
Others:				
Accrued interest	8, 10, 11, 13	**24,479,730**	19,749,806	11,943,558
Advances to officers and employees		**6,336,662**	6,195,766	7,222,390
Receivable from SPARC	1	**3,600,000**	-	-
Miscellaneous		**2,194,998**	118,607	4,404,610
		36,611,390	26,064,179	23,570,558
		594,172,570	409,867,757	537,405,026
Allowance for impairment loss		**(55,977,276)**	(46,585,678)	(134,883,967)
		P 538,195,294	P 363,282,079	P 402,521,059
Non-current –				
Non-related party –				
Accounts receivable	12	**P -**	P 47,465,839	P 98,226,853

Advances to officers and employees comprise of unsecured and noninterest-bearing advances which are liquidated or payable through salary deduction within 15 days from the earlier date between the release of the advances and the event to which the advances are utilized.

Receivable from SPARC pertains to the amount recoverable by the Group from FRC's investment in SPARC (see Note 1).

Breakdown of the total allowance for impairment loss on receivables is shown below.

	Note	2015	2014	2013
Tuition and other school fees		**P 45,943,097**	P 38,892,428	P 40,611,760
Related parties		**10,034,179**	6,738,986	10,366,479
Other receivables	21.2	**-**	954,264	83,905,728
Balance at end of year		**P 55,977,276**	P 46,585,678	P 134,883,967

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of 2015, 2014 and 2013 is shown below.

	Notes	2015	2014	2013
Balance at beginning of year		**P 46,585,678**	P 134,883,967	P 32,711,272
Impairment losses during the year	20, 21.2	**53,364,249**	43,268,938	145,336,694
Receivables written-off during the year	24.5	**(43,972,651)**	(131,567,227)	(43,163,999)
Balance at end of year		**P 55,977,276**	P 46,585,678	P 134,883,967

All of the Group's receivables had been reviewed for indicators of impairment. Certain tuition and other school fees receivables were found to be impaired; accordingly, adequate amount of allowance had been recognized.

Full allowance is provided on receivables from students for uncollected tuition fees of the previous school term when the specific student from whom it is due does not enroll in the succeeding school term. The allowance for impairment loss on receivables from students as of March 31, 2015, 2014 and 2013 pertains to amounts which have been outstanding for more than one semester and specifically identified to be impaired.

In 2013, the management assessed that the receivables from ICF – CCE, Inc. and FEU Educational Foundation, Inc. (FEFI), related parties under common management, amounting to P47.2 million and P36.7 million, respectively, may no longer be collected. Accordingly, appropriate amount of allowance for impairment have been provided on those accounts. Impairment loss recognized on receivables from related parties is presented as part of Finance Costs in the consolidated statements of profit or loss (see Note 21.2).

In 2014, the management have assessed that the collection of such receivables from FEFI and ICF – CCE, Inc. are already improbable; as such, the said accounts were written-off from the books [see Note 24.4(d)].

No allowance for impairment loss on all other receivables is provided as of March 31, 2015, 2014 and 2013 since management believes that those outstanding are collectible in full.

10. CROSS-CURRENCY SWAPS

In 2015, 2014 and 2013, the Group entered into cross-currency swaps to hedge its foreign currency exposure related to its foreign currency denominated AFS financial assets (see Note 11). As of March 31, 2015 and 2013, the net fair value of these cross-currency swaps amounting to P0.3 million and P18.6 million, respectively, is presented as Financial Asset at Fair Value Through Profit or Loss in the 2015 and 2013 consolidated statements of financial position. As of March 31, 2014, the cross-currency swaps have fair value of P14.4 million which is presented as Derivative Liability in the 2014 consolidated statement of financial position.

The related fair value gains or losses are presented as Fair value gain (loss) on financial asset at FVTPL under Finance Income or Finance Costs in the 2015, 2014 and 2013 consolidated statements of profit or loss (see Note 21).

Being denominated in foreign currency, the related interest receivable from cross-currency agreement had been adjusted to the prevailing exchange rate resulting in the recognition of cross-currency gain amounting to P1.1 million in 2015 and P2.7 million in 2013 which was presented as part of Finance Income in the 2015 and 2013 consolidated statements of profit or loss (see Note 21.1). On the other hand, the net changes in carrying amount of the related interest receivable and payable as of March 31, 2014 is presented as part of Finance Costs in the 2014 consolidated statement of profit or loss (see Note 21.2). The related asset is presented as part of Accrued interest under the Trade and Other Receivables – Net account, and the related liability is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Notes 9 and 17).

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

AFS financial assets are classified in the consolidated statements of financial position as follows:

	2015	2014	2013
Current	**P 2,045,219,220**	P 1,765,336,184	P 1,652,448,209
Non-current	**422,640,557**	552,556,482	367,039,668
	P 2,467,859,777	P 2,317,892,666	P 2,019,487,877

The types of investments classified under AFS financial assets consist of the following:

	2015	2014	2013
Debt securities:			
Government	**P 484,666,003**	P 451,389,849	P 882,641,861
Corporate	**961,833,580**	1,044,119,904	762,848,571
	1,446,499,583	1,495,509,753	1,645,490,432
Equity securities:			
Corporate shares	**745,168,261**	614,062,973	331,594,810
UITF	**276,191,933**	208,319,940	42,402,635
	1,021,360,194	822,382,913	373,997,445
	P 2,467,859,777	P 2,317,892,666	P 2,019,487,877

The fair values of equity securities and debt securities have been determined based on quoted prices in active markets (see Note 6.2).

The breakdown of quoted AFS financial assets as to currency denomination is as follows:

	2015	2014	2013
Local	**P 2,073,118,861**	P 1,860,858,911	P 1,755,875,948
Foreign	**394,740,916**	457,033,755	263,611,929
	P 2,467,859,777	P 2,317,892,666	P 2,019,487,877

As of March 31, 2015, 2014 and 2013, portion of the foreign currency denominated AFS financial assets amounting to P343.6 million, P377.8 million and P205.7 million, respectively, which pertain to corporate bonds, are subject to cross-currency swap agreement with a term coinciding with the term of the said bonds (see Note 10).

Analyses of the movements in the carrying amounts of the Group's investments held by trustee banks are presented below.

	2015	2014	2013
Balance at beginning of year	**P 2,317,892,666**	P 2,019,487,877	P 1,817,956,194
Additions	**1,386,874,952**	451,685,897	260,384,470
Disposals	**(1,316,302,048)**	(34,213,858)	(144,266,582)
Fair value gains (losses)	**94,323,599**	(137,608,352)	96,136,795
Unrealized foreign exchange gains (losses) – net	**(14,929,392)**	18,541,102	(10,723,000)
Balance at end of year	**P 2,467,859,777**	P 2,317,892,666	P 2,019,487,877

Investment income from AFS financial assets totaling P187.1 million, P191.9 million and P187.7 million, in 2015, 2014 and 2013, respectively, have been reinvested as part of additions to AFS financial assets and are presented separately as Interest income from AFS financial assets and as Other investment income from AFS financial assets under Finance Income in the consolidated statements of profit or loss (see Note 21.1). The related outstanding interest is presented as part of Accrued interest under the Trade and Other Receivables – Net account in the consolidated statements of financial position (see Note 9).

The total cumulative fair value gains amounting to P86.6 million, P182.0 million and P30.4 million in 2015, 2014 and 2013, respectively, which is reclassified from equity to profit or loss is presented as Fair Value Gains Reclassified to Profit or Loss in the consolidated statements of comprehensive income.

12. REAL ESTATE HELD-FOR-SALE

Real estate held-for-sale represents inventory of lots for sale at the following locations:

	2015	2014	2013
Silang, Cavite	**P 94,837,617**	P 94,837,617	P 94,837,617
Ferndale Villas, Quezon City	**36,689,243**	36,689,243	-
	P 131,526,860	P 131,526,860	P 94,837,617

In 2012, FRC entered into a Joint Development Agreement (Agreement) with Alveo Land Corporation (Alveo) whereby the two agreed to plan and develop an open lot residential subdivision at Ferndale Villas in Quezon City. However, in January 2013, the Agreement was cancelled and was sold instead for a total consideration of P230.0 million. The total income generated from this sale transaction amounted to P184.4 million and is presented as Sale of Real Estate while the related cost amounting to P24.6 million is presented as Cost of real estate sold under Costs and Operating Expenses in the 2013 consolidated statement of profit or loss (see Note 20). Outstanding non-interest bearing receivable from this transaction amounted to P47.5 million, P98.2 million and P169.1 million as of March 31, 2015, 2014 and 2013, respectively, and is presented as part of Accounts receivable under the Trade and Other Receivables – Net (current and non-current) account in the consolidated statements of financial position (see Note 9). Since this receivable does not have an active market, its discounted value is based on an underlying 7.7% interest rate determined by reference to the market interest rate of a comparable financial instrument.

In 2014, the FRC purchased four lots and units developed by Alveo in the parcels of land also located in Ferndale Villas. These lots and units amounting to P36.7 million as at March 31, 2015 and 2014 are presented as part of Real Estate Held-for-sale in the 2015 and 2014 consolidated statements of financial position. No similar transaction occurred in 2015 and 2013.

Management believes that the carrying values of these assets are lower than their net realizable values considering present market rates; thus, no impairment loss is recognized in 2015, 2014 and 2013.

13. OTHER ASSETS – NET

The breakdown of this account is as follows:

	2015	2014	2013
Current:			
Short-term investments	**P 104,480,844**	P 134,944,032	P 393,155,724
Input VAT	**90,361,155**	94,715,441	42,975,072
Prepaid expenses	**17,811,593**	7,804,289	15,170,859
	212,653,592	237,463,762	451,301,655
Allowance for impairment of Input VAT	**(10,980,897)**	(10,980,897)	(10,980,897)
	P 201,672,695	P 226,482,865	P 440,320,758
Non-current:			
Refundable deposits	**P 7,176,868**	P 3,929,796	P 3,929,796
Investment in golf club shares	**2,050,000**	2,050,000	2,050,000
Others	**1,722,204**	1,951,814	1,722,204
	P 10,949,072	P 7,931,610	P 7,702,000

Short-term investments, which consist of special savings deposits and investment in special deposit accounts, earn interest ranging from 1.3% to 5.5% in 2015, 1.0% to 2.1% in 2014 and 2.6% to 3.6% in 2013. These investments are maturing beyond three months from the date of placement.

14. INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

This account consists of the following as of March 31:

	2015	2014	2013
Investment in an associate			
Acquisition cost	**P 7,878,121**	P 7,878,121	P 7,878,121
Accumulated equity in net losses:			
Balance at beginning of year	**(1,108,365)**	(1,031,526)	(994,045)
Share in net losses	**(42,917)**	(76,839)	(37,481)
Balance at end of year	**(1,151,282)**	(1,108,365)	(1,031,526)
	6,726,839	6,769,756	6,846,595
Investment in a joint venture			
Acquisition cost	**6,250,000**	6,250,000	6,250,000
Accumulated equity in net losses	**(6,250,000)**	(6,250,000)	(6,250,000)
	P 6,726,839	P 6,769,756	P 6,846,595

Presented below is JMCI's summary of financial information in its most recent audited financial statements as of and for the year ended December 31.

	2014	2013	2012
Total assets	**P 14,849,452**	P 14,879,898	P 14,801,771
Total liabilities	**1,170,829**	1,113,689	829,134
Total equity	**13,678,623**	13,766,209	13,972,637
Net loss	**87,586**	156,814	76,492

In November 2009, the University entered into a JV Agreement with a co-venturer to establish and operate a culinary skills training center which shall provide courses of study in the culinary arts. The University and the co-venturer each invested P6.3 million to form ICF-CCE, Inc., the joint venture company (JVC).

Since 2011, the carrying value of the University's investment in the JVC had already been reduced to nil. Hence, the University had stopped recognizing its equity in net losses of the JVC. As of March 31, 2013, the University's unrecognized equity in the JVC losses amounts to P10.0 million. In 2014, the JVC had ceased commercial operations. Accordingly, management decided to write-off the investment against the corresponding allowance for impairment.

15. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2015, 2014 and 2013 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Total
March 31, 2015						
Cost	P 1,605,327,097	P 2,783,374,070	P 430,913,393	P 210,156,620	P 26,684,869	P 5,056,456,049
Accumulated depreciation and amortization	-	(453,908,468)	(257,725,868)	(152,483,115)	-	(864,117,451)
Net carrying value	**P 1,605,327,097**	**P 2,329,465,602**	**P 173,187,525**	**P 57,673,505**	**P 26,684,869**	**P 4,192,338,598**
March 31, 2014						
Cost	P 1,535,045,802	P 1,822,868,239	P 293,645,632	P 191,107,176	P 763,889,091	P 4,606,555,940
Accumulated depreciation and amortization	-	(360,713,207)	(196,114,299)	(135,549,363)	-	(692,376,869)
Net carrying value	P 1,535,045,802	P 1,462,155,032	P 97,531,333	P 55,557,813	P 763,889,091	P 3,914,179,071
March 31, 2013						
Cost	P 1,493,611,235	P 1,647,870,611	P 212,734,176	P 164,379,595	P 284,754,784	P 3,803,350,401
Accumulated depreciation and amortization	-	(296,866,654)	(159,781,425)	(125,255,719)	-	(581,903,798)
Net carrying value	P 1,493,611,235	P 1,351,003,957	P 52,952,751	P 39,123,876	P 284,754,784	P 3,221,446,603
April 1, 2012						
Cost	P 471,055,554	P 1,418,760,225	P 179,524,054	P 153,111,038	P 44,364,910	P 2,266,815,781
Accumulated depreciation and amortization	-	(246,392,457)	(135,953,081)	(117,080,978)	-	(499,426,516)
Net carrying value	P 471,055,554	P 1,172,367,768	P 43,570,973	P 36,030,060	P 44,364,910	P 1,767,389,265

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2015, 2014 and 2013 is shown below.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equiment	Construction in Progress	Total
Balance at April 1, 2014, net of accumulated depreciation and amortization	P 1,535,045,802	P 1,462,155,032	P 97,531,333	P 55,557,813	P 763,889,091	P 3,914,179,071
Additions	298,636	264,712,410	128,497,171	19,137,729	187,420,537	600,066,483
Reclassifications	69,982,659	691,129,350	8,770,590	(88,285)	(924,624,759)	(154,830,445)
Reduction of carrying value due to deconsolidation	-	(3,601,266)	(94,178)	(1,559,936)	-	(5,255,380)
Depreciation and amortization charges for the year	-	(84,929,924)	(61,517,391)	(15,373,816)	-	(161,821,131)
Balance at March 31, 2015, net of accumulated depreciation and amortization	**P 1,605,327,097**	**P 2,329,465,602**	**P 173,187,525**	**P 57,673,505**	**P 26,684,869**	**P 4,192,338,598**
Balance at April 1, 2013, net of accumulated depreciation and amortization	P 1,493,611,235	P 1,351,003,957	P 52,952,751	P 39,123,876	P 284,754,784	P 3,221,446,603
Additions	41,434,567	187,868,990	80,911,456	26,754,907	479,134,307	816,104,227
Disposals	-	-	-	(27,326)	-	(27,326)
Reclassifications	-	(12,871,362)	-	-	-	(12,871,362)
Depreciation and amortization charges for the year	-	(63,846,553)	(36,332,874)	(10,293,644)	-	(110,473,071)
Balance at March 31, 2014, net of accumulated depreciation and amortization	P 1,535,045,802	P 1,462,155,032	P 97,531,333	P 55,557,813	P 763,889,091	P 3,914,179,071
Balance at April 1, 2012, net of accumulated depreciation and amortizaton	P 471,055,554	P 1,172,367,768	P 43,570,973	P 36,030,060	P 44,364,910	P 1,767,389,265
Additions	1,022,555,681	229,110,386	32,994,705	11,645,267	240,389,874	1,536,695,913
Disposals	-	-	(1,369)	(12,905)	-	(14,274)
Reclassifications	-	-	215,417	(376,710)	-	(161,293)
Depreciation and amortization charges for the year	-	(50,474,197)	(23,826,975)	(8,161,836)	-	(82,463,008)
Balance at March 31, 2013, net of accumulated depreciation and amortization	P 1,493,611,235	P 1,351,003,957	P 52,952,751	P 39,123,876	P 284,754,784	P 3,221,446,603

Construction in progress pertains to the costs incurred for the construction of EACCI's school building and the on-going architectural designs of the school building to be used by FEU Alabang, Inc. In 2015, the construction of EACCI's school building has been fully completed. Accordingly, the portion of total cost of the building amounting to P524.6 million, pertaining to the portion that will be used by EACCI in its operations, has been transferred from Construction in progress to Building and improvements and Furniture and equipment. The portion that is being leased out by EACCI to EAEFI amounting to P405.7 million has been transferred to the Investment Property account (see Note 16).

In 2015, certain parcels of land, building and improvements and construction in progress, amounting to P45.7 million, which are recorded under the Investment Property account were reclassified to the Property and Equipment account as a result of change in its intended use (see Note 16).

The carrying amount of property and equipment also includes the capitalized borrowing costs amounting to P30.7 million in 2014 and P7.6 million in 2013 incurred on a bank loan obtained in prior years (see Note 18). The purpose of the loan was to finance the purchase of land and its eventual construction of the school building which forms part of the qualifying asset to be used by FEU Alabang, Inc. However, in 2015, the Group temporarily ceased the capitalization of borrowing costs due to the temporary suspension of active developments on the qualifying asset [see Note 18(a)].

16. INVESTMENT PROPERTY

The gross carrying amounts and accumulated depreciation and amortization of investment property at the beginning and end of 2015, 2014 and 2013 are shown as follows:

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
March 31, 2015					
Cost	P 96,490,092	P 2,941,664	P 678,816,995	P 109,961,609	P 888,210,359
Accumulated depreciation and amortization	-	(2,941,664)	(238,092,417)	-	(241,034,081)
Net carrying amount	**P 96,490,092**	**P -**	**P 440,724,577**	**P 109,961,609**	**P 647,176,278**
March 31, 2014					
Cost	P 166,472,750	P 2,941,664	P 410,662,642	P 86,939,128	P 667,016,184
Accumulated depreciation and amortization	-	(2,941,664)	(187,979,941)	-	(190,921,605)
Net carrying amount	P 166,472,750	P -	P 222,682,701	P 86,939,128	P 476,094,579
March 31, 2013					
Cost	P 135,057,628	P 2,941,664	P 373,187,054	P 9,643,272	P 520,829,618
Accumulated depreciation and amortization	-	(2,941,664)	(151,596,199)	-	(154,537,863)
Net carrying amount	P 135,057,628	P -	P 221,590,855	P 9,643,272	P 366,291,755
April 1, 2012					
Cost	P 83,686,463	P 2,941,664	P 292,754,265	P 35,887,053	P 415,269,445
Accumulated depreciation and amortization	-	(2,799,314)	(121,073,030)	-	(123,872,344)
Net carrying amount	P 83,686,463	P 142,350	P 171,681,235	P 35,887,053	P 291,397,101

A reconciliation of the carrying amounts of investment property at the beginning and end of 2015, 2014 and 2013 is shown below.

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
Balance at April 1, 2014, net of accumulated depreciation and amortization	P 166,472,750	P -	P 222,682,701	P 86,939,128	P 476,094,579
Additions	-	-	42,303,132	28,724,669	71,027,801
Reclassification	(69,982,658)	-	230,515,291	(5,702,188)	154,830,445
Depreciation and amortization charges for the year	-	-	(54,776,547)	-	(54,776,547)
Balance at March 31, 2015, net of accumulated depreciation and amortization	**P 96,490,092**	**P -**	**P 440,724,577**	**P 109,961,609**	**P 647,176,278**
Balance at April 1, 2013, net of accumulated depreciation and amortization	P 135,057,628	P -	P 221,590,855	P 9,643,272	P 366,291,755
Additions	31,415,122	-	24,604,226	77,295,856	133,315,204
Reclassification	-	-	12,871,362	-	12,871,362
Depreciation and amortization charges for the year	-	-	(36,383,742)	-	(36,383,742)
Balance at March 31, 2014, net of accumulated depreciation and amortization	P 166,472,750	P -	P 222,682,701	P 86,939,128	P 476,094,579
Balance at April 1, 2012, net of accumulated depreciation and amortization	P 83,686,463	P 142,350	P 171,681,235	P 35,887,053	P 291,397,101
Additions	51,371,165	-	54,062,199	126,809	105,560,173
Reclassification	-	-	26,370,590	(26,370,590)	-
Depreciation and amortization charges for the year	-	(142,350)	(30,523,169)	-	(30,665,519)
Balance at March 31, 2013, net of accumulated depreciation and amortization	P 135,057,628	P -	P 221,590,855	P 9,643,272	P 366,291,755

16.1 Rental Income

The total rental income earned by the Group from its investment properties amounting to P117.9 million in 2015, P98.4 million in 2014 and P89.3 million in 2013 are presented as Rental under Revenues in the consolidated statements of profit or loss. The direct operating expenses which include depreciation and amortization expense, insurance, and taxes and licenses incurred by the Group relating to investment property are presented as part of Property insurance, Taxes and licenses, and Depreciation and amortization under Costs and Operating Expenses in the consolidated statements of profit or loss (see Note 20).

16.2 Construction in Progress

In July and November 2013, FRC acquired certain condominium units and parking spaces amounting to P71.6 million which are accounted for as part of Construction in progress under the Investment Property account in the 2014 consolidated statement of financial position. Such condominium units will be leased out upon completion of construction which is expected within the next three years [see Notes 18(b) and 28.1].

16.3 Reclassifications

In 2015, the lease agreement between EAEFI and the University was terminated, the subject property will be for own use thereon, accordingly, the carrying value of land, building and its improvements amounting to P53.4 million and P151.8 million were reclassified to the Property and Equipment account in the 2015 consolidated statement of financial position (see Note 15).

In 2014, certain building and improvements, amounting to P12.9 million that is recorded under the Property and Equipment account were reclassified to the Investment Property account as a result of change in its intended use (see Note 15).

The construction of certain condominium unit classified as investment property was substantially completed in 2013. Accordingly, total capitalizable contract price of P26.4 million was reclassified from Construction in progress to Building and improvements that are both under the Investment Property account in the 2013 consolidated statement of financial position.

16.4 Fair Values of Investment Property

Based on the latest appraisal report performed by an independent appraiser, management determined that the total fair value of investment properties as of March 31, 2015, 2014 and 2013 amounts to P1.2 billion, P1.1 billion and P0.3 billion, respectively. Information about the fair value measurement and disclosures related to investment properties are presented in Note 6.4.

17. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	2015	2014	2013
Non-related parties:				
Trade payables		**P 178,224,459**	P 163,653,155	P 107,051,036
Accrued expenses	10, 18	**147,773,284**	44,689,760	43,878,127
Dividends payable	25.3	**120,275,078**	128,350,057	107,537,970
Deposits payable		**77,725,987**	74,795,458	74,778,093
Amounts due to students		**25,012,363**	42,952,727	39,217,484
NSTP trust fund		**23,062,768**	15,339,318	11,783,890
Deferred output VAT		**6,160,714**	6,160,714	8,035,714
		578,234,653	475,941,189	392,282,314

Forward

	Notes	2015	2014	2013
Related party:				
Advances from related party	24.2(b)	**P 26,934,928**	P -	P -
Payable to FEU retirement plan		**6,897,598**	6,961,747	5,679,291
Others	24.5	**1,310,000**	1,313,250	1,316,500
		35,142,526	8,274,997	6,995,791
Others:				
Withholding taxes and other payables		**66,971,789**	74,485,162	60,180,100
Accrued salaries and employee benefits		**64,373,644**	16,839,980	16,254,334
Miscellaneous		**6,566,715**	3,866,210	2,550,908
		137,912,148	95,191,352	78,985,342
		P 751,289,327	P 579,407,538	P 478,263,447

Accrued expenses include the Group's accrual for interest, utilities, rentals and directors' bonuses.

Deposits payable are amounts due to third parties for cooperative members' fees, school uniforms of students and computer loans of employees.
Amounts due to students represent excess payments of tuition and miscellaneous fees refundable to them. In 2015, the University had recognized in income P33.7 million of unclaimed checks that individually are representing very small amounts as the period of refund had already prescribed. The related gain is presented as part of Other Income in the 2015 consolidated statement of profit or loss.

The NSTP trust funds collected from students by the University, FECSI and EACCI amounted to P23.3 million, P22.7 million and P39.6 million in 2015, 2014 and 2013, respectively. As of March 31, 2015, 2014 and 2013, remaining balance of P23.1 million, P15.3 million and P11.7 million, respectively, is set aside as a contingency fund and is presented as NSTP trust fund.

Payable to FEU retirement plan are employee contributions that are yet to be remitted to the retirement fund. These amounts are subsequently remitted after the annual reporting dates.

18. INTEREST-BEARING LOANS

The compositions of the Group's outstanding loans are shown below.

	2015	2014	2013
Current:			
FEU	**P 676,923,077**	P -	P -
FRC	**12,032,312**	12,013,501	2,404,777
SPARC	**-**	750,000	750,000
	688,955,389	12,763,501	3,154,777
Non-current:			
FRC	**33,591,271**	45,623,583	5,109,744
FEU	**-**	800,000,000	800,000,000
SPARC	**-**	1,312,500	1,875,000
	33,591,271	846,936,083	806,984,744
	P 722,546,660	P 859,699,584	P 810,139,521

The outstanding principal balance and other relevant details of the Group's outstanding loans, including explanatory notes are as follows:

Outstanding Principal Balance *(in Millions)*			**Explanatory Notes**	**Interest Rate**	**Security**	**Maturity date**
2015	2014	2013				
P 676.92	P 800.00	P 800.00	(a)	Base interest plus 85 bps or 4.29%	Unsecured	2017
31.12	39.11	-	(b)(*i*)	Discounted at 0.69%	Secured	2019
11.97	13.42	-	(b)(*iii*)	Discounted at 1.07%	Secured	2017
2.54	5.11	7.51	(b)(*ii*)	Discounted at 7.1%	Secured	2016
-	2.06	2.63		Prevailing rate	Unsecured	2016
P 722.55	P 859.70	P 810.14				

(a) This pertains to the bank loan obtained by the University from a local commercial bank in 2012 for the acquisition of a real estate property and the related capital expenditure requirements (see Note 15).

The initial loan agreement stipulates a floating interest rate which is the higher between the base interest rate plus a spread of 85 basis points (bps), and the Bangko Sentral ng Pilipinas overnight reverse repurchase agreement rate plus a spread of 10 bps. Subsequently, however, the University availed of its one time option to fix the interest rate on the loan. Effective March 2014, the annual interest rate was fixed at an interest rate as indicated above.

The University started paying the quarterly amortizations for the principal balance of the loan in December 2014. In June 2015, however, the total carrying value of the outstanding loan payable, amounting to P676.9 million, was fully settled by the University (see Note 27.2).

There were no unpaid interests related to this loan as of March 31, 2015, 2014 and 2013.

(b) These pertain to notes payable for the the contract to sell entered by FRC to acquire certain condominium units from Ayala Land, Inc. and Alveo (see Note 28.1). The details of these notes payables are discussed below.

(i) This pertains to the acquisition made in September 2013 for the condominium unit in Makati City. The outstanding balance presented is the remaining payable from the portion of the total contract price, amounting to P44.0 million, that is payable in monthly installments over a period of five years and six months.

(ii) This pertains to the acquisition made in September 2013 for the condominium unit in Taguig City. The outstanding balance presented is the remaining payable from the portion of the total contract price, amounting to P14.3 million, that is payable in monthly installments over a period of four years.

(iii) This pertains to the acquisition made in March 2012 for the condominium unit in Makati City. The outstanding balance presented is the remaining payable from the portion of the total contract price amounting to P11.4 million that is payable in monthly installments over a period of 4 years that commenced in March 2012.

Interest expense charged to operations, which excludes capitalized borrowing costs (see Note 15), that amounted to P34.2 million, P1.1 million and P2.6 million for 2015, 2014 and 2013, respectively, is presented as part of Finance Costs in the consolidated statements of profit or loss (see Notes 16 and 21.2). Unpaid interests amounting to P1.5 million as of March 31, 2015 and P0.1 million as of March 31, 2014 and 2013 is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

19. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the consolidated statements of profit or loss are as follows:

	2015	2014	2013
Tuition fees	**P 2,677,137,724**	P 2,388,058,651	P 2,298,889,984
Less discounts:			
Scholarship	**166,685,606**	146,039,466	132,843,478
Cash	**16,800,128**	16,620,394	11,722,422
Family	**15,807,116**	16,652,332	15,787,839
	199,292,850	179,312,192	160,353,739
	2,477,844,874	2,208,746,459	2,138,536,245
Other school fees:			
Laboratory fees	**40,696,341**	-	-
Entrance fees	**14,729,366**	15,820,960	18,994,886
Identification cards	**8,266,580**	8,771,565	8,882,340
Transcript fees	**7,882,488**	7,265,049	6,578,570
Diplomas	**2,747,639**	2,498,075	2,022,709
Miscellaneous	**59,830,647**	39,066,351	21,962,466
	134,153,061	73,422,000	58,440,971
	P 2,611,997,935	P 2,282,168,459	P 2,196,977,216

Towards the end of every year, the University, FECSI, and EACCI usually collect tuition fees from students for either summer classes which start after the reporting period or advance tuition fees for succeeding trimesters. Accordingly, such advance tuition fee collections amounting to P39.9 million and P11.3 million as of March 31, 2015 and 2014, respectively, remain unearned and therefore are excluded from tuition fees earned for the year and are presented as part of Deferred Revenues in the 2015 and 2014 consolidated statements of financial position. These are recognized as revenue in the following year.

There are no unearned tuition fees as of March 31, 2013 as collection of the University and FECSI for summer class started subsequent to the end of the reporting period. EACCI had no similar transaction in 2013 as the subsidiary had only started commercial operations in 2015.

20. COSTS AND OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	2015	2014	2013
Instructional and Academic				
Salaries and allowances	24.6	**P 653,825,322**	P 646,953,817	P 612,495,443
Employee benefits	22, 24.6	**229,689,890**	210,628,843	200,422,176
Related learning experience		**6,432,530**	4,535,313	7,605,432
Affiliation		**2,178,969**	4,637,980	3,831,214
Others		**104,630,385**	92,943,485	92,257,785
		996,757,096	959,699,438	916,612,050
Sale of Real Estate				
Cost of real estate sold	12	**-**	-	24,621,654
Administrative				
Salaries and allowances		**107,704,141**	102,449,121	114,844,062
Employee benefits		**46,772,712**	43,499,308	51,431,022
BOT bonus		**13,500,000**	13,500,000	12,875,000
Rental		**7,737,723**	3,437,621	12,869,627
Others		**24,874,946**	23,662,416	22,551,478
		200,589,522	186,548,466	214,571,189
Maintenance and University Operations				
Utilities		**95,082,200**	96,019,542	104,264,391
Salaries and allowances		**26,189,921**	26,757,897	27,946,378
Janitorial services		**25,021,242**	21,570,829	21,571,674
Repairs and maintenance		**16,830,445**	16,127,358	19,569,761
Employee benefits	22	**13,998,306**	12,852,141	13,377,578
Property insurance	16.1	**4,176,833**	3,395,904	2,429,511
		181,298,947	176,723,671	189,159,293

Forward

	Notes	2015	2014	2013
General				
Depreciation and amortization	15, 16.1	**P 216,597,678**	P 146,856,813	P 113,128,527
Impairment loss on receivables	9	**53,364,249**	42,314,674	61,430,966
Professional fees		**38,626,012**	35,606,527	30,591,986
Security services		**24,008,849**	20,655,445	20,085,370
Taxes and licenses	16.1	**11,609,078**	11,991,262	16,319,927
Publicity and promotions		**8,447,272**	9,282,877	8,493,615
Donation and charitable contributions		**-**	-	1,021,477
Others		**41,582,786**	29,208,634	29,856,820
		394,235,924	295,916,232	280,928,688
		P 1,772,881,489	P 1,618,887,807	P 1,625,892,874

Other instructional and academic expenses include publication, printing, binding, donations, membership fees and others.

Other administrative expenses pertain mainly to expenses incurred for outsourced services, representation, expenses for seminars and conferences, insurance, various supplies, fuels, repairs and maintenance and others.

Other general expenses pertain to trustees' and officers' liability insurance and books and other subscriptions.

21. FINANCE INCOME AND FINANCE COSTS

21.1 Finance Income

This consists of the following:

	Notes	2015	2014	2013
Interest income from:				
AFS financial assets	11	**P 97,860,398**	P 113,257,686	P 130,868,616
Cash and cash equivalents	8	**18,733,591**	7,625,547	19,816,663
Short-term investments	13	**988,360**	5,431,964	21,226,426
Loans receivable	9	**-**	-	1,473,907
		117,582,349	126,315,197	173,385,612
Other investment income from AFS financial assets	11	**89,197,997**	78,677,681	56,816,626
Fair value gains on financial asset at FVTPL	10	**14,815,777**	-	18,629,900
Foreign exchange gains - net		**-**	18,428,746	-
		P 221,596,123	P 223,421,624	P 248,832,138

Other investment income from AFS financial assets comprised collectively of dividend income and gain on sale of securities held by trustee banks.

21.2 Finance Costs

This account is broken down into the following:

	Notes		2015		2014		2013
Interest expense	10, 18	**P**	**35,189,430**	P	1,067,645	P	2,592,997
Unrealized foreign exchange losses – net			**14,929,392**		-		10,765,730
Fair value loss on financial asset at FVTPL	10		**-**		33,063,400		-
Impairment loss on receivables from related parties	9, 24.2, 24.5		**-**		954,264		83,905,728
		P	**50,118,822**	P	35,085,309	P	97,264,455

22. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

(a) Characteristics of the Defined Benefit Plan

The University maintains a tax-qualified, funded and contributory retirement plan, which is a defined contribution type of retirement plan since 1967, covering regular teaching and non-teaching personnel members.

The retirement fund is under the administration of an organization, the FEU Health, Welfare and Retirement Fund (the Fund), through its Retirement Board.

Contributions to these fund are in accordance with the defined contribution established by the Retirement Board which is the sum of the employees' and the University's contributions. Employees' contribution is 5% of basic salary while the University's contribution is equivalent to 20% of the employees' basic salary. Retirement expense presented as part of Employee benefits under Operating Expenses in the consolidated statements of profit or loss amounted to P82.6 million in both 2015 and 2014 and P81.3 million in 2013 (see Note 20).

As a policy of the University, any contributions made by the University in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay can be applied to reduce employer contributions in the succeeding years.

(b) Explanation of Amounts Disclosed in the Consolidated Financial Statements

Actuarial valuation is obtained to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan. All amounts presented are based on the actuarial valuation report obtained from an independent actuary in 2015 and 2014.

In determining the amounts of post-employment obligation in accordance with PAS 19 (Revised), the following significant actuarial assumptions were used:

	2015	2014
Discount rates	**4.62%**	4.68%
Expected rate of salary increase	**5.00%**	5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 65 is 15 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factor is determined close to the end of the reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

As discussed in Note 2.17, the University's defined contribution plan is accounted for as a defined benefit plan with minimum guarantee starting in 2014 upon the University's adoption of the PIC Interpretation on PAS 19 (Revised). However, considering that the present value of the obligation as determined by an independent actuary approximates the fair value of the plan assets, management opted not to recognize further the unfunded portion of the obligation which is considered insignificant as shown in the analysis below.

An analysis of the University's defined benefit obligation following PIC Interpretation with respect to the defined benefit minimum guarantee under RA 7641 is presented below.

	2015	2014
Present value of obligation	**P 723,808,781**	P 688,252,191
Fair value of plan assets	**(720,281,160)**	(685,857,711)
	P 3,527,621	P 2,394,480

(c) *Risks Associated with the Retirement Plan*

The plan exposes the University to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the University's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the University's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of March 31, 2015 and 2014:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	**Increase/ (Decrease) in Assumption**	**Increase/ (Decrease) in Assumption**
March 31, 2015			
Discount rate	**+/- 0.5%**	**(P 1,382,897)**	**P 1,621,059**
Salary growth rate	**+/- 1.0%**	**3,362,224**	**(2,234,521)**
March 31, 2014			
Discount rate	+/- 0.5%	(P 1,200,765)	P 1,495,485
Salary growth rate	+/- 1.0%	3,054,576	(1,993,447)

The sensitivity analysis in the preceding page is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the University through its Retirement Board, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The University actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the Fund's assets as of March 31, 2015 and 2014 consists of equity and debt securities, although the Fund also invests in cash and cash equivalents. The University believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a diversified portfolio of local blue chip entities but none are invested in the University's listed shares with the PSE.

There has been no change in the University's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country, the size of the fund is also sufficient to cover the vested benefits when a significant number of employees are expected to retire in 20 years' time.

The University expects to make contribution of P84.6 million to the plan during the next reporting period.

The Fund's, which comprised of both employer and employee share contributions, audited statements of financial position show the following as of December 31:

	2014	2013	2012
Assets			
Cash and cash equivalents	**P 131,849,098**	P 148,504,605	P 454,037,795
Financial assets at FVTPL	**831,437,782**	740,760,974	419,496,563
Receivables	**47,179,610**	58,767,537	67,822,305
Others	**72,892**	71,897	55,093
	1,010,539,382	948,105,013	941,411,756
Liabilities	**(25,086,630)**	(28,264,587)	(19,092,789)
Net Assets	**P 985,452,752**	P 919,840,426	P 922,318,967

Below is further breakdown of the Fund's financial assets at FVTPL as to type of investments as of March 31, 2015, 2014 and 2013. These are maintained in trust funds under credible trustee banks under control by the Fund through its Retirement Board.

	2015	2014	2013
Cash and cash equivalents	**P 50,138,085**	P 188,015,308	P 1,487,376
Domestic listed shares	**191,763,058**	163,793,630	23,310,000
Corporate bonds	**189,820,368**	119,144,077	99,047,757
Other securities and debt instruments	**107,072,969**	115,972,897	129,179,983
Government bonds	**148,344,870**	84,265,726	31,525,196
Fixed income loans	**4,839,695**	5,996,959	26,055,918
UITF	**24,556,039**	-	14,611,383
Others	**3,746,076**	8,669,114	4,797,617
	P 720,281,160	P 685,857,711	P 330,015,230

The above breakdown of the Fund's financial assets at FVTPL is presented to show the composition of the plan assets used by the actuary in determining the net retirement obligation based on the minimum guarantee under RA 7641 as of March 31, 2015 and 2014.

23. INCOME TAXES

Under the Philippine laws, the taxable income from operations related to school activities and passive investment income of private and proprietary (stock) educational institutions is subject to a tax of 10%. However, if 50% or more of the institution's total gross income is from unrelated business activities, the regular corporate income tax (RCIT) of 30% will apply to the entire taxable income instead of the 10% preferential rate. The University, FECSI and EACCI are qualified to avail of the 10% preferential rate given their revenue profiles. In addition, the University, FECSI and EACCI are not covered by the minimum corporate income tax (MCIT) provision of the 1997 Tax Code.

The major components of tax expense reported in the consolidated statements of profit or loss are as follows:

	2015	2014	2013
Current tax expense:			
Special rate at 10%	**P 93,367,793**	P 68,439,327	P 71,629,318
Final tax at 20% and 7.5%	**45,125,369**	39,499,838	24,870,493
RCIT at 30%	**26,526,337**	29,383,389	45,505,748
	165,019,499	137,322,554	142,005,559
Deferred tax expense (income) arising from the origination and reversal of temporary differences	**(14,942,438)**	(9,212,775)	31,001,534
	P 150,077,061	P 128,109,779	P 173,007,093

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in consolidated profit or loss follows:

	2015	2014	2013
Tax on pretax profit at 10%	**P 122,823,936**	P 103,092,698	P 106,386,325
Adjustments for income subjected to:			
RCIT	**24,087,001**	15,610,911	39,928,830
Final tax	**22,033,009**	19,061,952	21,905,855
	168,943,946	137,765,561	168,221,010
Tax effects of:			
Excess of optional standard deduction (OSD) over itemized deductions	**(12,543,707)**	(13,405,804)	(5,619,862)
Recognition of previously unrecognized deferred tax asset	**(2,114,726)**	-	-
Nondeductible interest expense	**270,136**	471,340	253,894
Unrecognized NOLCO	**25,312**	891,024	3,765,338
Unrecognized rent expense	**-**	2,256,367	1,605,483
Others	**(4,503,900)**	131,291	4,781,230
Tax expense	**P 150,077,061**	P 128,109,779	P 173,007,093

The net deferred tax assets of the University and certain subsidiaries having net deferred tax asset position and net deferred tax liability of FRC having a net deferred liability position as of March 31 2015, 2014 and 2013, relates to the following:

	Consolidated Statements of					
	Financial Position			Profit or Loss		
	2015	2014	2013	**2015**	2014	2013
Deferred tax assets:						
Allowance for impairment losses on trade and other receivables	**P 4,594,310**	P 3,889,243	P 8,657,412	**(P 705,067)**	P 4,768,169	(P5,433,025)
Unearned rental income	**-**	(2,033,294)	1,703,936	**-**	100,742	4,125,793
Unrealized foreign currency gains (losses)	**1,492,939**	(1,834,208)	1,072,300	**(3,327,147)**	2,906,508	187,863
Unrealized fair value gains (losses)	**(34,080)**	1,443,350	-	**1,477,430**	(1,443,350)	114,597
NOLCO	**-**	601,953	552,683	**351,792**	(351,792)	(552,683)
MCIT	**-**	62,878	30,394	**-**	-	(30,394)
Accrued rent expense	**531,148**	57,719	255,998	**(1,385,684)**	2,532,077	4,569,240
Post-employment benefit	**61,360**	51,206	-	**(10,154)**	(51,206)	-
Allowance for impairment on non-financial assets	**-**	-	625,000	**-**	625,000	(625,000)
Deferred Tax Assets – net	**P 6,645,677**	P 2,238,847	P 12,897,723			
Deferred tax liabilities:						
Accrued rent income	**(P 10,544,913)**	(P22,078,378)	(P 38,630,365)	**(11,533,465)**	(16,435,933)	25,869,961
Unearned rental income	**4,027,462**	3,013,194	-	**189,857**	-	-
Accrued rent receivable	**(1,504,567)**	(1,212,697)	(912,192)	**-**	-	912,192
Unrealized fair value gains on AFS financial assets	**(75,000)**	(75,000)	(75,000)	**-**	-	-
Unrealized fair value gains on financial assets at FVTPL	**-**	-	(1,862,990)	**-**	(1,862,990)	1,862,990
Deferred Tax Liabilities – net	**(P 8,097,018)**	(P20,352,881)	(P 41,480,547)			
Deferred Tax Expense (Income)				**(P14,942,438)**	(P 9,212,775)	P31,001,534

The net deferred tax assets of the University are not allowed to be offset against net deferred tax liabilities of other subsidiaries, or vice versa, for purposes of consolidation.

Presented below are the details of the Group's NOLCO.

Year Incurred	Original Amount	Expired Balance	NOLCO Applied	Remaining Balance	Valid Until
2015	P 409,533	P -	P -	P 409,533	2018
2014	10,384,075	-	10,327,100	56,975	2017
2013	12,191,126	1,455,437	10,571,142	378,533	2016
2012	8,490,396	5,964,911	2,525,485	-	2015
	P 31,475,130	**P 7,420,348**	**P 23,423,727**	**P 845,041**	

The companies within the Group that were not entitled to avail of the preferential rate of 10% is subject to MCIT which is computed at 2% of gross income, as defined under the tax regulations, or RCIT, whichever is higher.

No deferred tax assets were recognized by certain subsidiaries since management of the respective subsidiaries believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period. However, in 2015 and 2014, EACCI and FECSI, respectively, started to incur taxable income to which the tax benefits will be realized within the prescribed period. Accordingly, the previously unrecognized deferred tax assets were recognized in the 2015 consolidated statements of financial position.

The total unrecognized deferred tax assets and related sources as of March 31, 2015, 2014 and 2013 are as follows:

	2015		2014		2013	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect	Tax Base	Tax Effect
FEU High						
NOLCO	**P 336,761**	**P 101,028**	P -	P -	P -	P -
FEU Alabang, Inc.						
NOLCO	**72,772**	**21,832**	56,975	17,093	378,533	113,560
FECSI						
NOLCO	**-**	**-**	-	-	18,425,280	1,842,528
Pre-operating expenses	**-**	**-**	-	-	155,000	15,500
EACCI						
NOLCO	**-**	**-**	21,147,263	6,344,179	11,440,363	3,432,109

In 2015, 2014 and 2013, the University and other subsidiaries, which are subject to preferential rate of 10% tax, used itemized deduction in computing for their income tax due. On the other hand, FRC, which is subject to RCIT of 30%, elected to use OSD in computing its income tax due.

24. RELATED PARTY TRANSACTIONS

The Group's related parties include related parties under common management and key management personnel as described below. The following are the Group's significant transactions with such related parties:

	Notes	**2015** Amount of Transaction	**2015** Outstanding Receivable (Payable)	2014 Amount of Transaction	2014 Outstanding Receivable (Payable)	2013 Amount of Transaction	2013 Outstanding Receivable (Payable)	Terms	Conditions
Related Parties Under Common Management:									
Subscription of preferred stocks	24.1	**P 240,000,000**	**P -**	P479,250,000	P -	P280,750,000	P -	nonredeemable; non-controlling	not applicable
Advances to related parties	24.2(a), 24.2(b)	**67,154,820**	**73,007,764**	(8,333,308)	5,852,944	(2,139,358)	14,186,252	due and demandable; noninterest-bearing	unsecured; advances to ICF-CCE, Inc. and FEFI were fully impaired in 2013
Advances from related party	24.2(b)	**(26,934,928)**	**(26,934,928)**	-	-	-	-	due and demandable; noninterest-bearing	unsecured; not impaired
Management fees	24.3	**43,494,910**	**24,983,823**	55,358,978	56,534,249	55,358,978	52,242,167	payable within 30 days; noninterest-bearing	unsecured; not impaired
Rental Income	24.4	**99,825,772**	**7,246,292**	73,820,732	6,226,344	70,721,087	2,913,852	payable within 30 days; noninterest-bearing	unsecured; rental receivable from ICF-CCE, Inc. was fully impaired in 2013
Rental Deposits	24.4	**(7,718,630)**	**(7,718,630)**	-	-	-	-	not applicable	not applicable
Others	24.5	**(3,250)**	**1,310,000**	-	1,313,250	7,387,152	1,316,500	due and demandable; noninterest-bearing	unsecured; impaired
Others –									
Key management personnel compensation	24.6	**151,336,506**	**-**	150,615,701	-	152,814,188	-	not applicable	not applicable

24.1 Subscription of Preferred Stocks

In 2015, 2014 and 2013, EAEFI, a related party under common management, entered into a subscription agreement for the purchase of 240,000, 280,750 and 479,250 preferred shares of EACCI, respectively (see Note 25.4). The total consideration paid by EAEFI amounted to P240.0 million, P479.3 million and P280.8 million in 2015, 2014 and 2013, respectively.

There were no outstanding receivables arising from these transactions as they were also fully paid by EAEFI in the year of subscription.

24.2 Noninterest-bearing Advances

(a) Advances of University to Related Parties

The University grants unsecured and noninterest-bearing advances, which are due and demandable, to related parties under common management and a joint venture of the Group for working capital purposes.

Summarized below are the outstanding receivables from these advances as of March 31, 2015, 2014 and 2013 recorded under Receivables from related parties, that is shown as part of the Trade and Other Receivables – Net account in the consolidated statements of financial position (see Note 9):

	Beginning Balance	Additional Advances	Repayments	Impairment	Ending Balance
2015					
EAEFI	**P 5,852,944**	**P 20,812,111**	**(P 19,490,981)**	**P -**	**P 7,174,074**
2014					
EAEFI	P11,693,293	P 30,496,530	(P 36,336,879)	P -	P 5,852,944
FERN College	2,492,959	41,010	(2,533,969)	-	-
	P 14,186,252	P 30,537,540	(P 38,870,848)	P -	P 5,852,944
2013					
ICF-CCE, Inc.	P 23,750,000	P -	P -	(P 23,750,000)	P -
EAEFI	14,300,692	17,163,977	(19,771,376)	-	11,693,293
FERN College	2,024,918	2,553,157	(2,085,116)	-	2,492,959
	P 40,075,610	P 19,717,134	(P 21,856,492)	(P23,750,000)	P 14,186,252

In 2013, management assessed that total amount of advances to ICF-CCE, Inc. amounting to P23.8 million was doubtful of collection and was provided with 100% allowance for impairment. It is shown as part of Finance Costs in the 2013 consolidated statement of profit or loss (see Note 21.2). The collection of the outstanding receivable was assessed by management to be improbable; thus, were written-off in 2014 consolidated statement of financial position (see Note 9).

No other advances were impaired as of March 31, 2015, 2014 and 2013 as management believes that these outstanding balances are collectible in full in all the years presented.

(b) Advances between EACCI and EAEFI

In 2015, EACCI granted to and obtained, from EAEFI, cash advances for working capital requirements and other purposes. These advances are non-interest bearing, unsecured and payable in cash upon demand. Outstanding advances to EAEFI, amounting to P65.8 million, are presented as part of Receivables from related parties under the Trade and Other Receivables – Net account, while the outstanding advances from EAEFI, amounting to P26.9 million, are presented as Advances from related party under the Trade and Other Payables account in the 2015 consolidated statement of financial position (see Notes 9 and 17). No impairment loss is recognized by the Group on these advances as of March 31, 2015, 2014 and 2013.

24.3 Management Services

The University provides management services to EAEFI, which agreed to pay management fee computed at a certain percentage of the latter's gross revenue subject to certain conditions. Management fees earned amounted to P43.5 million in 2015 and P55.4 million in both 2014 and 2013 and is presented as Management Fees under Revenues in the consolidated statements of profit or loss.

Outstanding receivables arising from this transaction amounted to P25.0 million, P56.5 million and P52.2 million as of March 31, 2015, 2014 and 2013, respectively, and are presented as part of Receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9). No impairment loss is recognized by the University on these receivables.

24.4 Leases

(a) Lease of Buildings to EAEFI

The University leases out certain buildings to EAEFI for a period of one to five years until May 31, 2015. However, upon expiration of the term of the contract, the University and EAEFI had mutually agreed not to renew such lease agreement as the construction of the school building of EACCI was fully completed in 2015 (see Note 16). Accordingly, EAEFI and EACCI entered into a contract to lease certain floors of EACCI's newly constructed school building. The lease commenced on July 1, 2014 for a period of five years with 5% annual escalation.

In relation to the new lease contract between EACCI and EAEFI, the Group also received security deposits amounting to P7.7 million that is presented as part of the Other Non-current Liabilities account in the 2015 consolidated statement of financial position. There were no similar payments made by EAEFI to the University for all the years presented.

Total rental income earned by the University and EACCI from EAEFI, presented as part of Rental under Revenues in the consolidated statements of profit or loss, amounted to P86.3 million, P60.3 million and P53.4 million in 2015, 2014 and 2013, respectively. Outstanding receivable arising from the transaction amounts to P3.6 million and is presented as part of the Trade and Other Receivables – Net account in the 2015 consolidated statement of financial position.

(b) Lease of Buildings to FERN College

FRC leases out certain buildings to FERN College effective from June 1, 2007 to May 31, 2017 for an annual rental of P1.4 million or 10% of gross annual revenue, whichever is higher. In January 2013, an amended lease agreement was executed by both parties which stated that the lease term shall now be from January 31, 2013 to December 31, 2023 for an annual rental fee of P1.2 million or 10% of FERN College's annual gross income, whichever is higher.

Total rental income of FRC from FERN College amounted to P13.5 million in both 2015 and 2014 and P12.1 million in 2013, which is recorded as part of Rental under Revenues in the consolidated statements of profit or loss. Outstanding receivables from this transaction amount to P3.6 million, P6.2 million and P2.9 million as of March 31, 2015, 2014 and 2013, respectively, are presented as part of Rental receivable under the Trade and Other Receivables – Net account in the consolidated statements of financial position (see Note 9). No impairment loss is recognized by the Group on this receivable from FERN College.

(c) Lease of Transportation Vehicle to FERN College

In 2012, FRC entered into a contract with FERN College for the lease of a bus to the latter for a fixed monthly rental of P0.1 million covering a term of five years, from June 2012 to May 31, 2017.

The rental income earned from this transaction amounted to P0.1 million in 2015, 2014 and 2013 and is presented as part of Rental under Revenues in the consolidated statements of profit or loss. As of March 31, 2015, 2014 and 2013, unearned rental income from FERN College amounting to P1.8 million, P2.6 million and P3.4 million, respectively, are recognized and presented as part of the Deferred Revenues account in the consolidated statements of financial position.

(d) Lease of Office Premises to ICF-CCE, Inc.

The University leased out certain floors of a building in FEU Makati Campus to ICF-CCE, Inc. in previous years but such lease contract expired and was not renewed in March 2013. Total rental income earned from this transaction amounted to P5.2 million and is recorded as part of Rental under Revenues account in the 2013 consolidated statement of profit or loss.

In 2013, management assessed that total rental receivables from ICF-CCE, Inc. amounting to P19.7 million is no longer collectible; hence, the University provided full amount of allowance on the total receivable balance. The related impairment loss is recognized as part of Finance Costs in the 2013 consolidated statement of profit or loss (see Note 21.2). In 2014, receivables from ICF-CCE, Inc. were written-off (see Note 9).

24.5 Others

In 2013, the University incurred various expenses on behalf of FEFI and ICF-CCE, Inc. Accordingly, the outstanding receivable arising from these transactions amounted to P83.7 million and is recorded as part of Receivables from related parties under the Trade and Other Receivables account in the 2013 consolidated statements of financial position (see Note 9). However, management assessed that the collection of such receivable is doubtful and was provided with allowance that is recorded as part of Finance Costs in the 2013 consolidated statement of profit or loss (see Note 21.2). In 2014, management assessed that the collection of the receivable is improbable; thus, were written-off in the 2014 consolidated statement of financial position (see Note 9).

Others include due to stockholders that pertain to the unclaimed balance by certain stockholders arising from fractional shares that were treated as treasury shares in 2007 and 2015 by FRC. Total amount of payable to stockholders amounted to P0.9 million as of March 31, 2015 and P0.6 million as of March 31, 2014 and 2013, respectively and is presented as part of Others under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

24.6 Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the years ended March 31, 2015, 2014 and 2013, which are presented as part of Salaries and allowances and Employees benefits under Instructional and academic expenses (see Note 20), are as follows:

	2015	2014	2013
Short-term benefits	**P 136,237,137**	P 131,224,457	P 132,161,143
Post-employment benefits	**20,094,369**	19,391,244	20,653,045
	P 156,331,506	P 150,615,701	P 152,814,188

25. EQUITY

25.1 Capital Stock

	Shares			**Amount**		
	2015	2014	2013	**2015**	2014	2013
Common shares – P100 par value						
Authorized	**20,000,000**	20,000,000	20,000,000			
Issued and outstanding:						
Balance at beginning of year	**13,768,634**	13,768,634	13,768,634	**P 1,376,863,400**	P 1,376,863,400	P 1,376,863,400
Issued during the year	**2,745,720**	-	-	**274,572,000**	-	-
Balance at end of year	**16,514,354**	13,768,634	13,768,634	**1,651,435,400**	1,376,863,400	1,376,863,400
Treasury stock – at cost	**(65,316)**	(37,331)	(37,331)	**(33,855,641)**	(3,733,100)	(3,733,100)
Net issued and outstanding	**16,449,038**	13,731,303	13,731,303	**P 1,617,579,759**	P 1,373,130,300	P 1,373,130,300

On July 15, 2014, the University's BOT approved the declaration of 20% stock dividends. Accordingly, additional 2,745,720 shares were listed in the PSE, which were taken from the University's unissued capital stock [see Note 25.3(b)].

On July 11, 1986, the SEC approved the listing of the University's common shares, its only listed securities, at an offer price of P100 per share. As of March 31, 2015, there are 16,514,354 listed shares, which include those held in treasury and shares held by the University's related parties. The University has a total of 10,863,517, 9,024,976 and 8,959,056 listed shares, which is equivalent to 66.04%, 65.73% and 65.25%, held by the University's related parties as at March 31, 2015, 2014 and 2013, respectively, while there are 5,585,521, 4,706,327 and 4,772,247 listed shares owned by the public which is equivalent to 33.96%, 34.27% and 34.75% of the total outstanding shares as at March 31, 2015, 2014 and 2013, respectively.

As of March 31, 2015, 2014 and 2013, the closing price of the University's listed shares were P1,000, P1,103 and P1,220, respectively, per share.

25.2 Treasury Shares

This account also includes the University's common shares held and acquired by FRC. Treasury shares aggregated to P30.1 million as at March 31, 2015. The changes in market values of these shares, recognized as fair value gains or losses by FRC, were eliminated in full and not recognized in the consolidated financial statements.

A portion of the University's retained earnings is restricted for dividend declaration up to the cost of treasury shares, excluding the amount acquired and held by FRC as this considered as a cross-holding as of the end of the reporting period.

25.3 Retained Earnings

Significant transactions affecting Retained Earnings, which, as indicated in Note 25.2, is also legally restricted at an amount equivalent to the cost of the University's treasury shares of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

Appropriated Retained Earnings consist of appropriations for:

	Notes	**2015**	2014	2013
Property and investment acquisition		**P 1,542,500,000**	P 1,542,500,000	P 1,150,000,000
Expansion of facilities		**330,000,000**	294,200,000	300,000,000
General retirement		**90,000,000**	90,000,000	90,000,000
Purchase of equipment and improvements		**58,270,000**	115,000,000	75,000,000
Contingencies	28.3, 28.4	**10,000,000**	10,000,000	10,000,000
Treasury shares		**3,733,100**	3,733,100	3,733,100
		P 2,034,503,100	P 2,055,433,100	P 1,628,733,100

The changes in the appropriated retained earnings are shown below.

	2015	2014	2013
Balance at beginning of year	**P 2,055,433,100**	P 1,628,733,100	P 1,718,503,100
Reversal of appropriations	**(56,730,000)**	(5,800,000)	(210,000,000)
Appropriations during the year	**35,800,000**	432,500,000	120,230,000
Balance at end of year	**P 2,034,503,100**	P 2,055,433,100	P 1,628,733,100

Breakdown of appropriations, which are expected to be utilized within one year from the end of the respective reporting period, is shown below.

	2015	2014	2013
Expansion of facilities	**P 35,800,000**	P -	P 25,000,000
Property acquisition and investment	**-**	392,500,000	60,000,000
Purchase of equipment and improvements	**-**	40,000,000	-
General retirement	**-**	-	35,230,000
	P 35,800,000	P 432,500,000	P 120,230,000

The University reversed the following appropriations as the purpose for which such appropriations were made has been completed.

	2015	2014	2013
Purchase of equipment and improvements	**P 56,730,000**	P -	P -
Expansion of facilities	**-**	5,800,000	-
Property and investment acquisition	**-**	-	170,000,000
Contingencies	**-**	-	40,000,000
	P 56,730,000	P 5,800,000	P 210,000,000

(b) Dividend Declaration

The BOT approved the dividend declarations for the following years:

	Date of Declaration	Date of Record	Date of Payment/Issuance	Amount
2015				
Cash dividend of P12 per share	June 17, 2014	July 1, 2014	July 15, 2014	P 164,775,636
20% stock dividend equivalent to 2,746,261 shares	July 15, 2014	September 9, 2014	Various dates	274,572,000
541 fractional shares paid out in cash at P100 per share				54,060
Cash dividend of P12 per share	January 20, 2015	February 3, 2015	February 17, 2015	197,516,112
				P 636,917,808

	Date of Declaration	Date of Record	Date of Payment/Issuance	Amount
2014				
Cash dividend of P15 per share	June 18, 2013	July 2, 2013	July 17, 2013	P 205,969,545
Cash dividend of P12 per share	December 10, 2013	December 26, 2013	January 15, 2014	164,775,636
				P 370,745,181
2013				
Cash dividend of P12 per share	June 19, 2012	July 4, 2012	July 18, 2012	P 164,775,636
Cash dividend of P12 per share	December 18, 2012	January 8, 2013	January 23, 2013	164,775,636
				P 329,551,272

Unclaimed dividend checks as of March 31, 2015, 2014 and 2013 are presented as Dividends payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

25.4 Subsidiaries with Material Non-controlling Interest

In 2015, 2014 and 2013, EACCI issued its newly authorized preferred shares to EAEFI, a related party under common management. Total cost of preferred shares issued and outstanding amounts to P1.0 billion, P760.0 million and P280.8 million as of March 31, 2015, 2014 and 2013, respectively.

EACCI's preferred shares have the following features:

(a) Holders of the preferred stock have no pre-emptive right to subscribe to any or all issues or other disposition of shares of common stock or preferred stock of EACCI, including treasury shares, if any;

(b) Subject to availability of retained earnings and sufficient cash as may be determined by EACCI's BOT, holders of the preferred stock are entitled to receive, out of unrestricted retained earnings of the EACCI, non-cumulative dividends at the rate of 3% per annum based on the issue value of each share, payable annually on such date as may be determined by the EACCI's BOT from time to time;

(c) Preferred stock shall be non-voting (except in instances specifically provided by law) and non-participating as to the payment of dividends;

(d) Preferred stock may be redeemed regardless of existence of unrestricted retained earnings at an issue price equal to the issue value and under terms and conditions as determined by the EACCI's BOT; and,

(e) In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of EACCI's operations, the holders of preferred stock shall have preference and priority as to the net assets of EACCI or proceeds thereof over the holders of common stock.

The remaining NCI pertains to ownership interest not held by the University in FRC and SPARC, which represents 62.48% and 77.49%, respectively (see Notes 2.3 and 2.23).

In 2015, the BOT of EACCI declared cash dividend to all of their stockholders. Accordingly, EAEFI received P25.0 million from the said declaration. No dividends were paid to the NCI in 2014 and 2013.

The summarized financial information of subsidiaries with material non-controlling interest before intragroup eliminations is shown below (in thousands).

	EACCI	FRC	SPARC*
2015			
Total assets	P 1,451,536	P 1,114,802	P -
Total liabilities	240,835	98,284	-
Total equity	1,210,702	1,046,562	-
Total revenue	248,214	118,317	-
Net profit for the year	169,091	78,737	-
Net cash from operating activities	P 234,158	P 51,667	P -
Net cash used in investing activities	(268,640)	(58,172)	-
Net cash from (used in) financing activities	164,680	(28,739)	-
Net cash inflow (outflow)	**P 130,198**	**(P 35,244)**	**P -**
2014			
Total assets	P 983,365	P 1,114,973	P 11,464
Total liabilities	106,436	126,491	3,141
Total equity	876,929	988,482	8,323
Total revenue	107	117,830	5,852
Net profit (loss) for the year	(10,281)	75,615	708
Net cash from operating activities	P 8,176	P 120,096	P 2,561
Net cash used in investing activities	(478,774)	(18,513)	(225)
Net cash from (used in) financing activities	569,250	(7,520)	(654)
Net cash inflow	P 98,652	P 94,063	P 1,682
2013			
Total assets	P 357,945	P 1,002,899	P 11,443
Total liabilities	39,985	90,032	3,827
Total equity	317,960	912,867	7,616
Total revenue	1,609	268,819	5,235
Net profit (loss) for the year	(9,990)	146,479	(1,151)
Net cash from (used in) operating activities	(P 15,959)	P 123,833	(P 128)
Net cash from (used in) investing activities	(240,750)	364,027	(127)
Net cash from (used in) financing activities	313,247	(473,369)	(523)
Net cash inflow (outflow)	P 56,538	P 14,491	(P 778)

**Financial information of SPARC used in the consolidation before intragroup eliminations for 2014 and 2013 is as of and for the years ended December 31, 2014 and 2013, respectively.*

26. EARNINGS PER SHARE

EPS amounts were computed as follows:

	2015	2014 (As restated – see Note 25.3)	2013 (As restated – see Note 25.3)
Net profit attributable to owners of the parent company	**P 1,028,967,513**	P 855,024,656	P 800,228,225
Divided by weighted average number of shares outstanding, net of treasury stock of 65,316 shares	**16,468,304**	16,477,023 *	16,477,023 *
Basic and diluted EPS	**P 62.48**	P 51.89	P 48.57

**Restated after giving retrospective effect on the stock dividends declared on July 15, 2014. The weighted average number of shares as of March 31, 2014 and 2013 is equal to the total number of shares after considering the stock dividend issued.*

The weighted average number of shares outstanding as of March 31, 2015 is computed as follows:

	Number of Shares	Months Outstanding	Weighted Number of Shares
Balance at beginning of year	13,731,303	12	164,775,636
Stock dividends	2,745,720	12	32,948,640
Total number of shares	16,477,023		197,724,276
Purchase of treasury stock during the year:			
June 2014	(74)	9	(666)
July 2014	(1,378)	8	(11,024)
August 2014	(6,016)	7	(42,112)
October 2014	(7,083)	5	(35,415)
November 2014	(1,497)	4	(5,988)
December 2014	(1,229)	3	(3,687)
January 2015	(70)	2	(140)
February 2015	(5,598)	1	(5,598)
March 2015	(5,040)	-	-
Balance at end of year	16,449,038		197,619,646
Divided by total months in 2015			12
Weighted average number of shares outstanding as of March 31, 2015			16,468,304

As required by PAS 33, *Earnings per Share*, paragraph 28, retrospective adjustment to the earliest period presented was made on the University's EPS after considering that as if the stock dividends declared on July 15, 2014 occurred at the beginning of 2013. This adjustment was made to present comparative information but the amount of weighted average number of shares is not the actual amount and number of shares outstanding as of March 31, 2014 and 2013 [see Note 25.3(b)].

The University has no dilutive potential common shares as of March 31, 2015, 2014 and 2013; hence, the diluted EPS is the same as the basic EPS in all the years presented.

27. EVENTS AFTER THE END FOR THE REPORTING PERIOD

The following are the post year-end events involving the Group that did not have an impact on its 2015 consolidated financial statements:

27.1 Credit Accommodation

On May 19, 2015, the University's BOT approved the authority to avail of a financial credit accommodation of up to P1.0 billion to be used for facilities development of the FEU Alabang campus.

The said credit facility shall be covered by such terms and conditions which the local bank may prescribe.

27.2 Full Settlement of Interest-bearing Loan

On June 11, 2015, the University fully settled the outstanding balance of its loan amounting to P676.9 million [see Note 18(a)]. Such loan is originally payable in quarterly installments until 2017. Accordingly, the total carrying value of the outstanding loan payable as of March 31, 2015 is presented as part of current liabilities in the 2015 consolidated statement of financial position. The full settlement of the loan did not give rise to any early payment penalties on the part of the University.

27.3 Declaration of Cash Dividend

On June 16, 2015, the University's BOT approved the declaration of a cash dividend of P12 per share to all stockholders on record as of June 30, 2015, payable on July 14, 2015. Total cash dividend declared that will be taken up in fiscal year 2016 amounted to P197.7 million.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Capital Commitments – Related to Condominium Units Acquired

FRC acquired condominium units which are still under construction [see Notes 16.2 and 18(b)]. Future payments under this contract are presented as part of Interest-bearing Loans in the consolidated statements of financial position.

	2015	2014	2013
Within one year	**P 12,434,523**	P 12,676,158	P 2,860,800
After one year but not more than five years	**34,006,754**	46,441,276	5,479,966
	P 46,441,277	P 59,117,434	P 8,340,766

28.2 Operating Lease Commitments – Group as Lessor

As discussed in Notes 16 and 24.4, the University and FRC lease out certain buildings to EAEFI and FERN College for varying periods. The University and FRC also lease out certain land and buildings to several non-related parties for a period of one to ten years.

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2015, 2014, and 2013 are as follows:

		2015		2014		2013
Within one year	**P**	**58,078,893**	P	45,151,391	P	58,858,784
After one year but not more than five years		**8,035,314**		6,000,000		1,920,000
More than five years		**4,500,000**		4,500,000		-
	P		P	55,651,391	P	60,778,784

28.3 Legal Claims

As of March 31, 2015, the University is a defendant in certain civil cases which are pending before the National Labor Relations Commission, Court of Appeals and the Supreme Court of the Philippines. The University's management and its legal counsel believe that liabilities, if any, which may result from the outcome of these cases, will not materially affect the financial position and results of operations of the University. However, the University has appropriated portion of its retained earnings for the occurrence of these types of contingencies (see Note 25.3).

28.4 Others

There are other contingencies that arise in the normal course of business that are not recognized in the Group's consolidated financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its consolidated financial statements, however, the Group opted to generally appropriate portion of its retained earnings to cover for such contingencies (see Note 25.3).

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group aims to provide returns on equity to shareholders while managing operational and strategic objectives. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtain debt financing.

The Group defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and revaluation reserves are excluded from capital for purposes of capital management. The BOT has overall responsibility for monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total adjusted equity attributable to owners of the parent company. Capital for the reporting period March 31, 2015, 2014 and 2013 under review is summarized as follows:

	2015	2014	2013
Total liabilities	**P1,572,048,846**	P1,515,188,863	P1,362,721,777
Total adjusted equity attributable to owners of the parent company	**5,783,813,555**	5,120,191,850	4,635,912,375
Debt-to-equity ratio	**0.27 : 1.00**	0.30 : 1.00	0.29 : 1.00

The Group's goal in capital management is to maintain a lower liability compared with its adjusted equity or a debt-to-equity structure ratio of not more than 1.00:1.00. This is in line with the University's bank covenants related to its borrowings.

The University has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for all the years presented.

There was no significant change in the Group's approach to capital management during the year.

Punongbayan & Araullo
An instinct for growth™

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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The Board of Trustees and the Stockholders
The Far Eastern University, Incorporated and Subsidiaries
Nicanor Reyes, Sr. Street
Sampaloc, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries (the Group) for the year ended March 31, 2015, on which we have rendered our report dated June 16, 2015. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 4748302, January 5, 2015, Makati City
SEC Group A Accreditation
Partner - No. 1185-AR-1 (until May 11, 2018)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-34-2014 (until Aug. 5, 2017)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

June 16, 2015

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
INDEX TO SUPPLEMENTAL SCHEDULES
MARCH 31, 2015

* *The information presented herein pertains to financial information of the parent company as presented on its separate financial statements*

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
March 31, 2015

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Bank of the Philippine Islands (BPI) Trust Account:			
Government Securities			
FXTN 7-51	P 13,700,000	P 14,389,169	
FXTN 7-54	4,000,000	4,212,033	
FXTN 07-56	20,500,000	21,030,342	
FXTN 10-55	5,000,000	5,491,340	
FXTN 10-54	16,440,000	18,591,872	
FXTN 10-59	23,300,000	24,219,948	
FXTN 20-20	34,800,000	33,095,028	
FXTN 25-04	2,200,000	3,188,511	
RTB 201	28,000,000	30,837,835	
RTB 251	36,000,000	42,853,999	
Corporate Bonds			
AC BOND	P 12,500,000	P 12,500,000	
ALI BOND	74,000,000	74,000,000	
GLOBE BOND	8,000,000	8,000,000	
AC BOND	15,000,000	15,000,000	
AC BOND	34,500,000	34,500,000	
FLI BOND	20,000,000	20,000,000	
GTCAP BOND	30,000,000	30,000,000	
PLDT BOND	19,600,000	19,600,000	
Equity Securities			
Common Shares			
BDO	89,340	P 11,051,358	
BPI	147,454	14,819,127	
MBT	115,514	11,268,391	
AP	216,900	9,652,050	
MER	34,100	9,104,700	
MWC	4,100	111,110	
JFC	31,390	6,905,800	
URC	8,720	1,986,540	
AC	26,210	20,836,950	
AEV	150,700	8,740,600	
AGI	31,700	840,050	
DMC	93,700	3,448,750	
JGS	192,910	13,985,975	
MPI	1,496,300	7,227,129	
SM	35,878	32,272,261	
ALI	738,326	28,425,551	
MEG	1,556,400	8,451,252	
RLC	318,400	9,806,720	
SMPH	485,400	9,698,292	
GLO	1,880	3,786,320	
TEL	8,875	25,347,000	
ICT	119,510	12,907,080	
SCC	13,500	4,124,900	
GTCAP	3,960	5,298,480	
EDC	58,800	499,800	
FGEN	92,900	2,833,450	
Preferred Shares			
FGENF	200,000	22,000,000	
FGENG	50,000	5,750,000	
ACPB	100,000	51,000,000	
ACPB2	50,000	26,200,000	
Mutual Funds			
PSIF	12,992	11,533,258	
Adjustments - *Other Reconciling Items*	-	26,335,615	
Unit Investment Trust Fund (UITF)			
STF UITF	539,289	P 74,820,956	
PF UITF	74	12,929	
PEIF UITF	17,568	1,876,087	
Shor-term Investments			
Cash equivalents and other various receivables	P 1,175,725	P 1,175,725	
Totals for BPI Trust Account		**P 895,644,283**	**P 63,255,226**

Forward

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
March 31, 2015

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Banco De Oro (BDO) Trust Account:			
Government Securities			
PSALM SERIES A (5 yrs) TAX PAID	P 25,722,000	P 25,753,753	
FXTN 10-59	27,751,909	4,405,303	
FXTN 25-3	7,900,000	12,804,163	
FXTN 20-12 (TX)	31,600,000	45,242,544	
FXTN 7-49	12,327,000	13,130,672	
FXTN 20-16	2,530,000	3,488,373	
FXTN 7-54	2,100,000	2,211,386	
FTXN 20-11 (TX)	1,600,000	2,492,505	
FXTN 10-42	377,705	405,180	
NATIONAL POWER CORP. (TE/PHP)	26,725,000	28,256,717	
FXTN 10-48	2,497,000	2,847,640	
FXTN 7-51	3,289,000	3,454,583	
FXTN 7-56	15,000,000	15,388,271	
FXTN 3-21	1,492,000	1,499,111	
FXTN 7-57	19,689,000	19,774,757	
FXTN 10-55	2,000,000	2,196,610	
FXTN 10-54	3,700,000	4,184,482	
FXTN 25-8	7,700,000	10,716,471	
RTB 25-1	2,400,000	2,856,969	
Corporate Bonds			
Energy Dev't Corp. Series A-5	P 16,000,000	P 16,119,323	
Energy Dev't Corp. Series B -7	3,000,000	3,219,500	
San Miguel Brewery Bond 10 yrs.	9,000,000	9,697,774	
Rockwell Land Corp. Bond (TX) I	4,500,000	4,461,403	
Aboitiz Equity Ventures 7 YR	20,200,000	20,168,956	
PLDT fixed rate corp. bond 7 yr	40,000,000	40,540,836	
Filinvest Land - Bond 5 (tax -paid)	5,730,000	5,812,489	
Ayala Land Inc. Corp. Bond	50,000,000	51,384,565	
JG Summit - 5 yrs & 6 mos. Bond	46,000,000	47,453,047	
Ayala Corporation Bond	20,000,000	20,454,292	
Energy Development Corp. Bond 7 yrs	6,000,000	5,891,300	
Globe Telecom Bond 7 years	10,000,000	10,148,831	
Ayala Land Inc. Corp. Bond	16,230,000	15,927,372	
Ayala Multiple Put Bonds	9,100,000	10,029,739	
ABS-CBN Bond 7 yrs (Tax) VTA	1,000,000	1,004,540	
JG Summit - 7-yr Bond	1,000,000	997,656	
Filinvest Land Inc. Bond 7 yrs (TX)	1,000,000	1,918,888	
Ayala Land Inc. Corp. Bond	1,000,000	1,024,400	
RCBC Unsec. Sub. Notes (TX-VTA)	7,000,000	8,527,988	
Aboitiz Equit Ventures 7 yrs (TX)	29,700,000	29,573,018	
Robinsons Land Corp. Fixed Rate	17,500,000	17,668,699	

Forward

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
March 31, 2015

Name of Issuing Entity and Association of Each Issue		*Number of Shares or Principal Amount of Bonds and Notes*		*Amounts Shown on the Statements of Financial Position*		*Income Received and Accrued*
Banco De Oro (BDO) Trust Account (continuation):						
Equity Securities						
Common Shares						
MEG		1,292,300	P	7,017,189		
GLO		2,430		4,894,020		
FPH		40,800		3,916,800		
TEL		3,698		10,561,488		
SECB		25,771		4,432,612		
URC		51,190		11,568,940		
RLC		247,500		7,623,000		
PCOR		369,200		3,673,540		
ALI		323,900		12,470,150		
JGS		162,040		11,747,900		
ICT		63,430		6,850,440		
JFC		51,275		11,280,500		
MBT		81,143		7,915,500		
AC		12,927		10,276,965		
MPI		1,482,300		7,159,509		
SMPH		331,308		6,619,534		
AEV		90,000		5,220,000		
MER		37,550		10,025,850		
DMC		174,030		2,697,465		
ABS		60,300		3,786,840		
BDO		81,314		10,058,542		
MWC		10,800		292,680		
SM		13,028		11,718,686		
FGEN		249,120		7,598,160		
EDC		679,400		5,774,900		
AGI		277,000		7,340,500		
AP		155,400		6,915,300		
PGOLD		158,980		6,605,619		
LTG		295,800		4,821,540		
GTCAP		4,420		5,913,960		
DNL		347,000		6,957,350		
BLOOM		576,100		6,014,484		
SCC		33,290		6,948,870		
RRHI		97,340		8,176,560		
Preferred Shares						
FGENF		100,000		11,500,000		
FPHP		56,000		28,000,000		
GLOBE PREF		96,240		48,745,560		
UITF						
BDO-TRUST & INV		1,564,810	P	168,727,081		
Short-term Investments						
Savings Deposit - Own Bank	P	92,790	P	92,790		
Special Savings Deposit - Other Bank		1,000,000		1,000,000		
Various receivables		10,686,439		10,686,440		
Totals for BDO Trust Account			**P**	**1,036,761,370**	**P**	**78,035,705**
Hongkong and Shanghai Banking Corporation (HSBC) Trust Account:						
Government Securities						
ROP 5.75%	P	75,000,000	P	83,909,366	P	85,646,435
ROP 7.00%		634,000		674,013		
ROP 7.00%		1,000,000		1,063,056		
Corporate Bonds						
EDC Bonds	P	936,000	P	944,548		
Short-term Investments						
Various receivables	P	674,140	P	674,140		
Totals for HSBC Trust Account			**P**	**87,265,123**	**P**	**6,486,251**

Forward

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
March 31, 2015

Name of Issuing Entity and Association of Each Issue		*Number of Shares or Principal Amount of Bonds and Notes*		*Amounts Shown on the Statements of Financial Position*		*Income Received and Accrued*
Other Investments:						
Corporate Bonds with Cross Currency Swaps (CCS)						
FIRPACCCS	$	600,000	P	27,126,735		
SMIC		500,000		23,785,987		
SMCPMC		500,000		22,968,460		
MQGAUSD CCS		500,000		24,086,121		
BDOCCS		500,000		22,144,214		
WHEELKUSDPHPCCS		500,000		22,408,510		
FDCCCS		500,000		29,599,750		
MQGAUCCS		500,000		25,100,750		
FIRPACCCS		400,000		15,581,600		
FDC CCS		500,000		21,293,090		
ICTSICCS		600,000		32,230,792		
FDCCCS		500,000		22,217,008		
ROP Euro	€	1,000,000		40,499,816		
Regular Corporate Bonds						
ICTSI Perp	$	100,000	P	4,745,599		
MQGAU		100,000		4,638,984		
VLL		200,000		8,860,828		
NDB		100,000		4,541,195		
PETROLEOS MEXICANOS PERPETUAL		100,000		4,532,504		
BRASKEM FINANCE LTD PERPETUAL		100,000		4,071,374		
RELIANCE INDUSTRIES LTD PERPETUAL		200,000		8,974,341		
VLL INTERNATIONAL INC		200,000		9,022,542		
SECURITY BANK CORP		150,000		6,859,029		
FIRST GEN CORPORATION		200,000		9,451,687		
Petron Global 2017	P	30,000,000		30,523,500		
Equity Securities						
Common Shares						
Century Pacific Food, Inc.		109,100	P	2,182,000		
Max Group, Inc.		132,000		3,616,800		
UITF						
BPI Private Banking		221,673	P	30,754,880		
Others						
Short-term Placements (Time Deposits)						
BPI *(under the name of FEU)*	P	203,274,346	P	203,274,346		
Rizal Commercial Banking Corporation		13,196,367		13,196,367		
Metropolitan Bank and Trust Company		245,574,528		245,574,528		
BPI *(under the name of FRC)*		44,904,232		108,181,265		
BDO		40,640,420		40,640,420		
Totals for Other Investments			**P**	**1,072,685,021**	**P**	**75,815,546**
Grand Totals			**P**	**3,092,355,797**	**P**	**223,592,728**

Note:

The financial assets in this schedule is presented in the 2015 consolidated statement of financial position as follows.

Available-for-sale Financial Assets	*P*	*2,467,859,777*
Short-term placements (part of Cash and Cash Equivalents account)		*520,015,177*
Short-term investments (part of Other Current Assets account)		*104,480,844*
	P	*3,092,355,797*

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
March 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
Abala, Genelin	P 155	P -	P -	P -	P -	P 155	P 155
Abarrientos, Johnny	-	13,437	7,557	-	5,880	-	5,880
Abdon, Miel	-	568	-	-	568	-	568
Abella, Maria Corazon	-	15,074	-	-	15,074	-	15,074
Abello, Susan	-	2,619	-	-	2,619	-	2,619
Ador, Lauro	529	-	-	-	-	529	529
Advincula, Helen	-	2,653	-	-	2,653	-	2,653
Agnes, Reynold	-	1,576	-	-	1,576	-	1,576
Agudong, Julito	-	2,228	-	-	2,228	-	2,228
Aguila, Fitzgerald	9,105	-	-	-	-	9,105	9,105
Alabarca, Wilma J.	-	15,680	5,880	-	9,800	-	9,800
Alba, Michael	-	7,491	-	-	7,491	-	7,491
Albano, Allan Rey L.	-	7,840	1,960	-	5,880	-	5,880
Alcoberes, Philip Jay	(1,000)	-	-	-	-	(1,000)	(1,000)
Alejandro, Ma. Michelle	2,229	-	-	-	-	2,229	2,229
Amarante, Nora	-	10,000	-	-	10,000	-	10,000
Amlog, Jocelyn	45,000	-	-	-	-	45,000	45,000
Anagbogu, Ignatius	-	2,468	-	-	2,468	-	2,468
Andaya, Marie Jina	-	1,054	-	-	1,054	-	1,054
Andrada, Gayleen	200	-	-	-	-	200	200
Andrade, Alexander	-	550	275	-	275	-	275
Andrade, Ru-gui Ann	1,400	-	-	-	-	1,400	1,400
Anido, Cecilia I.	79,257	-	-	-	-	79,257	79,257
Ansano, Bela	11,590	-	-	-	-	11,590	11,590
Apilado, Kathleen	-	41,600	40,300	-	1,300	-	1,300
Aquino, Riza M.	-	4,908	-	-	4,908	-	4,908
Aragones, Mary Ann F.	422	-	-	-	-	422	422
Areola, Vina	7,700	-	-	-	-	7,700	7,700
Arevalo, Adulfo	-	5,945	-	-	5,945	-	5,945
Arroyo, Emil	-	7,840	1,960	-	5,880	-	5,880
Asuncion, Janin Azeq	270	-	-	-	-	270	270
Atanacio, Fe A.	975	-	-	-	-	975	975
Bacsafra, Zenaida L.	-	6,899	-	-	6,899	-	6,899
Badilla, Nelson S.	69	-	-	-	-	69	69
Baja, Lauro	996	-	-	-	-	996	996
Balanay, Rendel Bryan	947	-	-	-	-	947	947
Balarosan, Edna G.	-	3,032	-	-	3,032	-	3,032
Balbastro, Maria Theresa	-	1,300	-	-	1,300	-	1,300
Balbuena, Prikem	200	-	-	-	-	200	200
Bantayan, Maria Emilia R.	5,710	-	-	-	-	5,710	5,710
Batang, Delia	-	12,578	3,150	-	9,428	-	9,428
Batin, Judith J.	975	-	-	-	-	975	975
Bautista, Danilo	-	20,524	5,880	-	14,644	-	14,644
Beliran, Kirk	-	7,840	1,960	-	5,880	-	5,880
Belleza, Asuncion L.	826	-	-	-	-	826	826
Benavides, Marichu	-	8,000	-	-	8,000	-	8,000
Benico, Ericson	-	7,840	-	-	7,840	-	7,840
Bermachea, Ann Daryl	529	-	-	-	-	529	529
Bernardo, Rodrigo G.	28,411	-	-	-	-	28,411	28,411
Bilan, Jeanette L.	1,326	-	-	-	-	1,326	1,326
Binas, Marie Jean	(1,000)	-	-	-	-	(1,000)	(1,000)
Bitagcul, Virgilio	-	1,807	-	-	1,807	-	1,807
Blanco, Lyra	-	1,985	-	-	1,985	-	1,985
Botasclac, Benjamin	-	18,560	5,880	-	12,680	-	12,680
Briones, Ritchelle	-	4,552	-	-	4,552	-	4,552
Brito, Razel	225	-	-	-	-	225	225
Buenafe, Ma. Belinda	-	118	-	-	118	-	118
Bueno, Marivie	10,371	-	-	-	-	10,371	10,371
Bugna, Maria Dolores	-	-	687	-	(687)	-	(687)
Buquid, Apolonio A.	11,487	-	-	-	-	11,487	11,487
Bustamante, Ma. Chistine	10,500	-	-	-	-	10,500	10,500
Caagbay, Elpidio Z.	16,600	15,680	20,985	-	11,295	-	11,295
Cabaltica, Leilani A.	2,130	1,200	1,200	-	-	2,130	2,130
Cabantac, Ricardo	-	7,335	-	-	7,335	-	7,335
Cabral, Raymond Nonnatus	82	-	-	-	-	82	82
Cabrera, Alicia	-	4,994	-	-	4,994	-	4,994
Cabrera, Roberlyn	-	3,828	2,528	-	1,300	-	1,300
Cada, Rosalie C.	-	15,550	-	-	15,550	-	15,550
Cadorna, Rosemarie	656	-	-	-	-	656	656
Cajucom, Cherry S.	(500)	-	-	-	-	(500)	(500)
Cajuday, Noel	-	3,790	2,415	-	1,375	-	1,375
Camaclang, Merlita J.	3,068	-	-	-	-	3,068	3,068
Cando, Cromwell N.	-	121	-	-	121	-	121
Canoza, Geraldine E.	-	8,934	345	-	8,589	-	8,589
Cao, Marilou	(4,867)	-	-	-	-	(4,867)	(4,867)
Caracas, Robert	-	6,955	-	-	6,955	-	6,955
Caramanzana, Edward	6,300	-	-	-	-	6,300	6,300
Cardano, Benedicto	-	19,462	5,880	-	13,582	-	13,582
Carpio, Miguel M.	489,492	-	557,077	-	(67,585)	-	(67,585)
Carpio, Rustica	1,413	-	-	-	-	1,413	1,413
Casado, Eric	-	4,690	-	-	4,690	-	4,690

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Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
Castillo, Flordeliza	P -	P 300	P 150	P -	P 150	P -	P 150
Castillo, Perlita C.	5,000	-	-	-	-	5,000	5,000
Castro, Lawrence Christopher	1,765	-	-	-	-	1,765	1,765
Cebu, Teodora Arlene	26,000	-	-	-	-	26,000	26,000
Chanco, Christine R.	975	-	-	-	-	975	975
Chastein, Cherry R.	10,000	-	-	-	-	10,000	10,000
Chua, Wilson S.	-	21,315	-	-	21,315	-	21,315
Concepcion, Benjamin	-	4,162	-	-	4,162	-	4,162
Constantino, Michelle Anne	-	15,680	5,880	-	9,800	-	9,800
Cordova, Ma. Fleur	5,907	-	-	-	-	5,907	5,907
Corpuz, Christina	-	300	150	-	150	-	150
Corpuz, Delia	-	10,103	-	-	10,103	-	10,103
Cortez, Myrna	-	2,302	-	-	2,302	-	2,302
Cruz, Benjamin	-	50,000	17,000	-	33,000	-	33,000
Cruz, Bryan	1,500	-	-	-	-	1,500	1,500
Cruz, Eloisa	3,363	-	-	-	-	3,363	3,363
Cruz, Jayson	-	527	-	-	527	-	527
Cruz, Maria Ruth M.	41,215	300	63,626	-	-	(22,111)	(22,111)
Cruz, Marites J.	8,552	-	-	-	-	8,552	8,552
Cruz, Rebecca S.	16,195	-	-	-	-	16,195	16,195
Cruz, Sandra Lyn	44,781	-	-	-	-	44,781	44,781
Cruz, Semeon M.	-	1,200	300	-	900	-	900
Culala, Harold John D.	12,455	15,680	21,581	-	6,554	-	6,554
Cunanan, Fernando	1,025	-	-	-	-	1,025	1,025
Dadulla, Jose Pepito	-	18,077	-	-	18,077	-	18,077
Dalton, Juanita	618	-	-	-	-	618	618
Defensor, Marshal	979	-	-	-	-	979	979
Defino, Lorna	-	1,746	-	-	1,746	-	1,746
Diamante, Fernan	-	1,354	-	-	1,354	-	1,354
Diaz, Reynaldo	-	7,840	1,960	-	5,880	-	5,880
Dimalanta, Ma. Clarinda	-	3,400	-	-	3,400	-	3,400
Dimalibot, Ma. Martina Geraldine	2,127	-	-	-	-	2,127	2,127
Dimzon, Marnelli	-	7,840	1,960	-	5,880	-	5,880
Dizon, Kenneth Earl I.	200	-	-	-	-	200	200
Doble, Jon Derek	130,800	-	-	-	-	130,800	130,800
Doria, Raul B.	-	13,959	-	-	13,959	-	13,959
Echauz, Lydia	16,320	-	-	-	-	16,320	16,320
Eleazar, Glenda C.	-	15,680	5,880	-	9,800	-	9,800
Elman, Mario M.	(1,800)	9,721	-	-	9,721	(1,800)	7,921
Escoses, Lloyd	-	7,840	1,960	-	5,880	-	5,880
Eser, Myline	33,036	-	-	-	-	33,036	33,036
Espanola, Dianne Kathrine	-	39,650	-	-	39,650	-	39,650
Espinosa, William V.	3,325	-	-	-	-	3,325	3,325
Esquibel, Brian	4,596	-	-	-	-	4,596	4,596
Esquibel, Elizabeth	5,000	-	-	-	-	5,000	5,000
Estrella, Gloria	1,460	-	-	-	-	1,460	1,460
Estrella, Luisito P.	-	17,055	5,880	-	11,175	-	11,175
Evangelista, Erika	17,375	-	-	-	-	17,375	17,375
Fabros, Marietta	5,296	-	-	-	-	5,296	5,296
Farolan, Mikhail E.	1,275	-	-	-	-	1,275	1,275
Faustino, Jezel	-	1,200	300	-	900	-	900
Ferreras, Alejandro	-	1,237	-	-	1,237	-	1,237
Fesalbon, Hermond	7,729	-	-	-	-	7,729	7,729
Fiesta, Erlinda P.	-	7,820	-	-	7,820	-	7,820
Figer, Reggy	24,300	-	-	-	-	24,300	24,300
Flores, Roberto	-	7,840	1,960	-	5,880	-	5,880
Gabon, Danilo B.	-	15,680	5,880	-	9,800	-	9,800
Galicia, Reynaldo	-	11,148	-	-	11,148	-	11,148
Galiza, Miguela	45,000	-	-	-	-	45,000	45,000
Gallardo, John	13,000	-	-	-	-	13,000	13,000
Garcia, Arvin	(5,000)	10,000	-	-	10,000	(5,000)	5,000
Garcia, Dolores	50,000	-	-	-	-	50,000	50,000
Garcia, Earl Jimson	6,000	-	-	-	-	6,000	6,000
Garcia, Muriel	-	7,840	1,960	-	5,880	-	5,880
Garcia, Severino M.	320	-	-	-	-	320	320
Gariguez, Mariflor	10,591	-	-	-	-	10,591	10,591
Gemzon, Elena	-	7,027	-	-	7,027	-	7,027
Gilera, Enrico G.	-	41,248	-	-	41,248	-	41,248
Gonzales, Emmanuel	-	25,727	-	-	25,727	-	25,727
Guillermo, Nemesio	5,512	-	-	-	-	5,512	5,512
Gutierrez, Maria Myrel	3,844	-	-	-	-	3,844	3,844
Gutierrez, Mary Victory	-	2,712	-	-	2,712	-	2,712
Guzman, Fe	-	1,200	900	-	300	-	300
Guzman, Guillerma M.	-	19,887	5,880	-	14,007	-	14,007
Guzman, Jericho	8,460	-	-	-	-	8,460	8,460
Guzman, Ma. Corazon A.	2,150	-	-	-	-	2,150	2,150
Hacinas, Elizabeth	-	10,000	-	-	10,000	-	10,000
Hamero, Roselyn	-	7,840	1,960	-	5,880	-	5,880
Hernandez, Angeline	6,676	-	-	-	-	6,676	6,676
Hernandez, Jan Joseph S.	13,071	7,840	-	-	7,840	13,071	20,911
Hilario, Jacqueline	1,681	-	557	-	-	1,124	1,124
Ignacio, Lourdes	(132)	-	-	-	-	(132)	(132)
Iguas, Jose	-	938	-	-	938	-	938
Inciong, Cherry Wyne	21,751	2,000	17,561	-	2,000	4,190	6,190
Janagap, Fe Q.	5,131	-	-	-	-	5,131	5,131
Jarlos, Anna Liza	-	4,200	-	-	4,200	-	4,200
Jauco, Magdalena	-	9,897	-	-	9,897	-	9,897
Javier, Nancy Joan	5,296	-	-	-	-	5,296	5,296

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Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
Jintalan, Elma	P -	P 5,215	P -	P -	P 5,215	P -	P 5,215
Joromal, Richmond	2,250	-	-	-	-	2,250	2,250
Jose, Angelina	9,920	694,882	695,001	-	9,801	-	9,801
Kenny Isabel	64,000	-	-	-	-	64,000	64,000
Kim, Chul Su	-	13,437	7,557	-	5,880	-	5,880
Lacanilao, Gary	375	-	-	-	-	375	375
Lajara, Galilea R.	3,600	-	-	-	-	3,600	3,600
Lamorena, Juditha M.	6,600	-	-	-	-	6,600	6,600
Lao, Gilbert	-	13,437	7,257	-	6,180	-	6,180
Lapastora, Milagros	2,072	1,200	-	-	1,200	2,072	3,272
Larano, Leonora	-	208	-	-	208	-	208
Latosa, Irene	-	548	-	-	548	-	548
Lauro, Jocelyn P.	-	2,496	-	-	2,496	-	2,496
Laxamana, Rachel D.	-	11,740	-	-	11,740	-	11,740
Laza, Benilda	-	988	-	-	988	-	988
Lazaro, Maria Teresita A.	2,878	-	-	-	-	2,878	2,878
Lee, Chang Woo	-	7,840	1,960	-	5,880	-	5,880
Leon, Allan R.	-	7,840	1,960	-	5,880	-	5,880
Leon, Angelito	-	15,114	6,000	-	9,114	-	9,114
Leon, Emma Rose H.	5,940	-	-	-	-	5,940	5,940
Leon, Jocelyn	-	17,051	-	-	17,051	-	17,051
Leon, Lemuel	-	15,680	5,880	-	9,800	-	9,800
Leonardo, Raul	3,738	-	-	-	-	3,738	3,738
Liggayu, Michael	-	2,348	-	-	2,348	-	2,348
Lim, Nathaniel	-	2,519	-	-	2,519	-	2,519
Limjap, Auxencia	-	24,119	5,880	-	18,239	-	18,239
Lindo, Alicia	-	37,252	12,600	-	24,652	-	24,652
Lintag, Glennford	-	1,897	-	-	1,897	-	1,897
Lluz, Samarlita N.	5,192	-	-	-	-	5,192	5,192
Lopena, Cleo	362	-	-	-	-	362	362
Lopez, Mercedita P.	-	32,889	-	-	32,889	-	32,889
Luansing, Ma. Emelita	-	4,213	-	-	4,213	-	4,213
Macachor, Celito C.	29,072	52,449	42,260	-	39,260	-	39,260
Macapagal, Arnualdo B.	-	16,221	-	-	16,221	-	16,221
Macaraeg, Paul	6,436	-	-	-	-	6,436	6,436
Macaraig, Melinda	18,092	38,008	47,331	-	8,769	-	8,769
Madeja, Samuel M.	-	240	-	-	240	-	240
Madriaga, Joventina	-	2,285	-	-	2,285	-	2,285
Magat, Wendell	-	7,398	3,630	-	3,768	-	3,768
Magbanua, Luz	-	1,200	-	-	1,200	-	1,200
Magbiro, Erdyn	-	5,600	-	-	5,600	-	5,600
Magpantay, Lorna	-	8,900	-	-	8,900	-	8,900
Maliwat, Herminia I.	(46,060)	61,740	1,307	-	-	14,373	14,373
Mallari, Jaime M.	-	15,680	5,880	-	9,800	-	9,800
Mallari, Roel	-	6,532	5,182	-	1,350	-	1,350
Malonzo, Ella Margarita N.	2,104	-	-	-	-	2,104	2,104
Manalansan, Palo	-	9,117	-	-	9,117	-	9,117
Manlapaz, Divine Grace	5,000	-	-	-	-	5,000	5,000
Manrique, Elenita	17,000	-	-	-	-	17,000	17,000
Manzano, Ronald	15,094	6,072	510	-	20,655	-	20,655
Marcial, Johnny O.	-	12,450	-	-	12,450	-	12,450
Mariano, Maria Lourdes	-	15,473	-	-	15,473	-	15,473
Marinas, Luzviminda B.	-	15,680	5,880	-	9,800	-	9,800
Mariscotes, Maria Norlinda	-	1,743	-	-	1,743	-	1,743
Martin, Grace	116	-	-	-	-	116	116
Martin, Wilhelmina	-	3,165	-	-	3,165	-	3,165
Medina, Buenaventura Jr.	1,050	-	-	-	-	1,050	1,050
Mendoza, Catherine	-	451	-	-	451	-	451
Mendoza, Gloria A.	-	844	-	-	844	-	844
Mendoza, Jobert	10,000		-	-	-	10,000	10,000
Mendoza, Malaya S.	-	3,592	-	-	3,592	-	3,592
Menorca, Emmanuel	-	5,009	3,455	-	1,554	-	1,554
Mesina, Karen	(4,000)	-	-	-	-	(4,000)	(4,000)
Miguel, Emmanuel	6,620	-	-	-	-	6,620	6,620
Milagrosa, Alexander	-	7,840	1,960	-	5,880	-	5,880
Minas, Geraldine C.	-	1,139	-	-	1,139	-	1,139
Molina, Mark Oliver	-	15,680	5,880	-	9,800	-	9,800
Monong, Cora	6,000	-	-	-	-	6,000	6,000
Montano, Moses M.	942	-	-	-	-	942	942
Montinola, Gianna	-	60,632	20,589	-	40,044	-	40,044
Mostajo, Esmeralda	-	4,772	-	-	4,772	-	4,772
Munson, Don	-	1,590	-	-	1,590	-	1,590
Nagal, Glenn Z.	436,076	15,545	216,480	-	235,142	-	235,142
Najjar, Mary Chastine	-	1,920	-	-	1,920	-	1,920
Narciso, Wilfredo	5,296	-	-	-	-	5,296	5,296
Narval, Antonio	-	15,114	5,668	-	9,446	-	9,446
Natera, Malvin	4,122	-	-	-	-	4,122	4,122
Navarro, Donnie Arth	-	7,840	1,960	-	5,880	-	5,880
Nebril, Jonathan A.	4,907	-	-	-	-	4,907	4,907
Neo, Helen A.	-	300	150	-	150	-	150
Nicdao, Lazaro B.	-	28,523	-	-	28,523	-	28,523
Nicer, Joselito C.	320	-	-	-	-	320	320
Nicolas, Lloyd Mark	-	22,813	-	-	22,813	-	22,813
Nietes, Reymond	16,689	-	-	-	-	16,689	16,689
Nieto, Rowena	-	15,680	5,880	-	9,800	-	9,800
Nisperos, Dulce Marie	-	300	-	-	300	-	300
Nora, Jon Paolo	-	15,680	5,880	-	9,800	-	9,800
Noriega, Mariwilda	-	17,208	-	-	17,208	-	17,208
Novenario, Ibrahim Giem	-	3,004	-	-	3,004	-	3,004

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Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written-Off	Current	Non-Current	Balance at End of Period
Nuestro, Sarah Joyce	P 11,032	P -	P -	P -	P -	P 11,032	P 11,032
Nulla, Mila R.	58,124	29,889	55,000	-	33,013	-	33,013
Nuqui, Romeo B.	-	18,009	-	-	18,009	-	18,009
Ocampo. Walther	181	-	-	-	-	181	181
Ocampo, Wilfredo	1,150	-	-	-	-	1,150	1,150
Ojimba, Edmund	-	385	-	-	385	-	385
Olipas, Lorna	200	-	-	-	-	200	200
Oliver, Michael	-	7,840	1,960	-	5,880	-	5,880
Orcullo, Eddieson	-	13,437	7,557	-	5,880	-	5,880
Orolfo, Teodora	-	3,535	-	-	3,535	-	3,535
Orozco, Glorina P.	-	28,846	-	-	28,846	-	28,846
Pacquing, Elizabeth	-	3,563	-	-	3,563	-	3,563
Padilla, Maria Eleonor	1,431	-	-	-	-	1,431	1,431
Padual, Jennifer C.	-	73	-	-	73	-	73
Paguio, Carolina	11,583	-	-	-	-	11,583	11,583
Paguio, Floyd	111	-	-	-	-	111	111
Palenzuela, Rowena	-	14,285	-	-	14,285	-	14,285
Pamilar, Ernesto	4,596	-	-	-	-	4,596	4,596
Pancho, Fiachra Gil R.	618	-	-	-	-	618	618
Panesa, Isabelita	-	931	-	-	931	-	931
Panganiban, Carolina A.	8,340	-	-	-	-	8,340	8,340
Pantas, Felix	-	1,350	-	-	1,350	-	1,350
Panzo, Salome V.	725	-	-	-	-	725	725
Papa, Adriano	5,500	-	-	-	-	5,500	5,500
Paraiso, Lourdes Oliva C.	84,848	2,997	-	-	2,997	84,848	87,844
Paras, Renato	50,000	-	-	-	-	50,000	50,000
Pascua, George P.	4,900	-	-	-	-	4,900	4,900
Pascua, Jennifer J.	49,934	600	4,907	-	600	45,028	45,628
Pascual, Danilo S.	9,175	-	-	-	-	9,175	9,175
Paz, Ellen dela	2,403	-	-	-	-	2,403	2,403
Paz, Rosalinda Z.	10,336	-	-	-	-	10,336	10,336
Pearson, Lou Dominic	57,664	-	-	-	-	57,664	57,664
Peciller, Maria Fe Venus	-	6,175	-	-	6,175	-	6,175
Pedregosa, Jeremy Floyd	-	2,911	-	-	2,911	-	2,911
Pelias, Christopher	-	16,906	-	-	16,906	-	16,906
Perez, Angelito Rene	3,602	-	-	-	-	3,602	3,602
Perez, Hector	-	10,008	-	-	10,008	-	10,008
Permalino, Albert Emmanuel	7,061	-	-	-	-	7,061	7,061
Policarpio, Ma. Lourdes	-	3,360	-	-	3,360	-	3,360
Polido, Jelyca	-	15,680	5,880	-	9,800	-	9,800
Poquiz, Salvador	95	-	-	-	95	-	95
Posadas, Demetrio	-	2,318	-	-	2,318	-	2,318
Publico, Hilario	5,377	-	-	-	-	5,377	5,377
Punsalan, Angelita	-	22,258	-	-	22,258	-	22,258
Querijero, Glen Hilario	5,000	-	-	-	-	5,000	5,000
Quines, Dante P.	-	1,200	-	-	1,200	-	1,200
Quintanar, Janeth	5,367	-	-	-	-	5,367	5,367
Quinto, Myrna P.	-	33,066	6,685	-	26,381	-	26,381
Ramirez, Percival	-	6,235	-	-	6,235	-	6,235
Ramones, Rhozallino	4,500	1,334	-	-	1,334	4,500	5,834
Ramos, Bernadette	-	344	-	-	344	-	344
Ramos, Paolo	580	-	-	-	-	580	580
Ramos, Rose Marie R.	-	26,680	4,670	-	22,010	-	22,010
Ranola, Yves	-	13,437	6,512	-	6,925	-	6,925
Rapirap, Raquel T.	-	15,680	5,880	-	9,800	-	9,800
Razon, Benedict E.	975	-	-	-	-	975	975
Regudo, Heidi K.	-	2,500	625	-	1,875	-	1,875
Retoriano, Kerfelcel	580	-	-	-	-	580	580
Retuerma, Vanessa	750	-	-	-	-	750	750
Reyes, Cecil	23,589	1,411	25,059	-	(59)	-	(59)
Reyes, Herbert	4,555	-	-	-	-	4,555	4,555
Reyes, Melodia S.	4,181	69,130	22,445	-	50,866	-	50,866
Reyes, Mercedes C.	-	17,892	4,826	-	13,067	-	13,067
Rimano, Joy S.	-	4,831	-	-	4,831	-	4,831
Rinoza, Shirley	-	2,445	-	-	2,445	-	2,445
Rito, Estrellita S.	-	2,400	-	-	2,400	-	2,400
Romero, Horacio	-	1,445	-	-	1,445	-	1,445
Rosal, Josefina	-	5,000	-	-	5,000	-	5,000
Rosario, Julius	5,557	7,840	6,860	-	6,537	-	6,537
Rosario, Ma. Theresa O.	-	14,106	-	-	14,106	-	14,106
Rubio, Marisa	-	11,847	-	-	11,847	-	11,847
Rufo, Rowena	-	11,741	-	-	11,741	-	11,741
Sabile, Ahniemay	-	2,288	-	-	2,288	-	2,288
Sadaya, Helen	-	8,060	-	-	8,060	-	8,060
Sagun, Jose Arnold	1,063	-	-	-	-	1,063	1,063
Salunga, Loida	14,961	-	-	-	-	14,961	14,961
Salvado, Rowena	22,160	-	-	-	-	22,160	22,160
Samson, Leylani H.	-	2,838	-	-	2,838	-	2,838
Sandoval, Khistina	32,000	-	-	-	-	32,000	32,000
Santos, Cesael	-	7,840	1,960	-	5,880	-	5,880
Santos, Danilo B.	-	459	-	-	459	-	459
Santos, Felipe	-	1,311	-	-	1,311	-	1,311
Santos, Florentino	-	9,256	7,557	-	1,699	-	1,699
Santos, Joseph	-	7,840	1,960	-	5,880	-	5,880
Santos, Marcelino	3,287	-	-	-	3,287	-	3,287
Santos, Nemencio	-	7,200	-	-	7,200	-	7,200
Santule, Aida	-	2,450	-	-	2,450	-	2,450
Sapitula, Preciosa	1,587	-	-	-	-	1,587	1,587
Saplala, Mariano F.	-	52,633	5,880	-	46,753	-	46,753

Forward

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
March 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
Saret, Angelyn	(P 979)	P -	P -	P -	P -	(P 979)	(P 979)
Sergio, Joan Liezel	-	1,100	-	-	-	1,100	1,100
Serra, Christine A.	2,500	-	-	-	-	2,500	2,500
Sido, Ma. Victoria P.	-	11,661	-	-	11,661	-	11,661
Simo, Rickson Jay P.	200	-	-	-	-	200	200
Siongco, Josephine C.	-	11,983	-	-	11,983	-	11,983
Sioson, Yolanda	57,480	-	-	-	-	57,480	57,480
Sison, Erlinda G.	4,658	-	-	-	-	4,658	4,658
Sison, Waltedrudes M.	961	-	-	-	-	961	961
Solomon, Byron Jones	-	328	-	-	328	-	328
Sta.Cruz, Cinderella A.	-	10,000	-	-	10,000	-	10,000
Sta.Maria, Hipolito M.	-	17,182	5,880	-	11,302	-	11,302
Sta. Maria, Melencio	-	31,757	-	-	31,757	-	31,757
Sta. Mina, Joel	-	7,840	1,960	-	5,880	-	5,880
Tabuzo, Victor	-	1,042	-	-	1,042	-	1,042
Tajonera, Joan Patrick	12,089	-	-	-	-	12,089	12,089
Talampas, Maria Cristina	-	28,932	-	-	28,932	-	28,932
Tan, Alvin O.	621	-	-	-	-	621	621
Tapalgo, Elyn	-	5,718	-	-	5,718	-	5,718
Tapia, Maria Carolina	103	-	-	-	-	103	103
Taton, Ma. Thelma	-	15,680	5,880	-	9,800	-	9,800
Tayag, Evelyn R.	-	3,653	-	-	3,653	-	3,653
Tejada, Madonna	-	5,325	-	-	5,325	-	5,325
Tinio, Maria Theresa	-	216,265	-	-	216,265	-	216,265
Tirazona, Renato	-	14,244	-	-	14,244	-	14,244
Toledo, Marilyn	-	10,350	-	-	10,350	-	10,350
Tolentino, Edna	346	-	-	-	-	346	346
Tolentino, Rosula	-	11,985	-	-	11,985	-	11,985
Trajeco, Ma. Shirley	-	11,218	-	-	11,218	-	11,218
Trinidad, Josefina	1,861	-	-	-	-	1,861	1,861
Tuazon, Nino	356	-	-	-	-	356	356
Ugaddan, Karla	270	-	-	-	-	270	270
Umpad, Mara	24,000	-	-	-	-	24,000	24,000
Usita, Laarni P.	23,491	132,151	29,844	-	102,729	23,069	125,798
Uyson, Leslie Marie	9,258	-	-	-	-	9,258	9,258
Valencia, Joy G.	625	5,420	2,541	-	3,504	-	3,504
Valerio, Francis	-	15,680	5,880	-	9,800	-	9,800
Varilla, Edglyn	5,141	-	-	-	-	5,141	5,141
Velasquez, Ma. Charisma B.	3,160	-	-	-	-	3,160	3,160
Venzon, Jennilyn	-	15,680	5,880	-	9,800	-	9,800
Vera, Antonio	-	6,903	-	-	6,903	-	6,903
Vera, Jose Rizalito	-	5,202	-	-	5,202	-	5,202
Viana, Lorelei	-	72,162	54,563	-	17,599	-	17,599
Vibas, Danilo T.	62,623	16,134	55,000	-	23,757	-	23,757
Victoria, Wendelliza M.	-	7,500	7,050	-	450	-	450
Villanueva, Ma. Concepcion	-	749	-	-	749	-	749
Villar, Gerald	-	17,629	5,880	-	11,749	-	11,749
Villlarube, Arnold	-	13,437	7,557	-	5,880	-	5,880
Vinluan, Lourdes R.	-	19,568	-	-	19,568	-	19,568
Vinluan, Renato A.	4,875	-	-	-	-	4,875	4,875
Vizcayno, Wilfredo	-	7,840	1,960	-	5,880	-	5,880
Yago, Rowena	-	1,920	-	-	1,920	-	1,920
Yang, Gloria	12,500	-	-	-	-	12,500	12,500
Yap, Avelina M.	9,405	-	-	-	-	9,405	9,405
Ymas, Sergio	-	10,785	-	-	10,785	-	10,785
Yu, Antonio	100	-	-	-	-	100	100
Zafra, Reynele Bren	346	-	-	-	-	346	346
Zaldivar, Felicia P.	43,830	-	-	-	-	43,830	43,830
Zaldivar, Ramil P.	-	1,454	-	-	1,454	-	1,454
Zamora, Elizar	-	1,275	-	-	1,275	-	1,275
Zamudio, Rowena B.	(300)	2,880	-	-	2,880	(300)	2,580
Ampatin, Estrella V.	-	113,527	-	-	113,527	-	113,527
Bautista, Juan Andres	14,500	-	3,286	-	-	11,214	11,214
Benico, Ericson	-	20,000	6,670	-	13,330	-	13,330
Cabasada, Albert	(64,348)	-	-	-	-	(64,348)	(64,348)
Canares, Jonathan	-	19,958	-	-	19,958	-	19,958
Canoza, Geraldine	(6,200)	-	-	-	-	(6,200)	(6,200)
Cao, Marilou F.	(11,467)	-	-	-	-	(11,467)	(11,467)
Destura, Blanca	900	-	-	-	-	900	900
Estocada, Donato	65,000	-	31,111	-	-	33,889	33,889
Faundo, Aurora A.	4,550	-	579	-	-	3,971	3,971
Guarino, Rebecca	-	1,615	-	-	1,615	-	1,615
Kim. Chul Su	-	100,000	90,000	-	10,000	-	10,000
Leon, Jocelyn E.	16,270	23,388	-	-	23,388	16,270	39,658
Lopez, Martin	2,906	23,270	-	-	23,270	2,906	26,176
Mendoza, Malaya	7,650	-	-	-	-	7,650	7,650
Molina, Mark Oliver	56,377	-	-	-	-	56,377	56,377
Paz, Emily	-	6,459	-	-	6,459	-	6,459
Pizarro, Arthur	1,200	-	-	-	-	1,200	1,200
Quines, Dante P.	300	-	-	-	-	300	300
Quinto, Myrna	-	-	27,612	-	(27,612)	-	(27,612)
Reoperez, Marie Grace	34,816	-	-	-	-	34,816	34,816
Rosal, Josefina T.	1,000	-	-	-	-	1,000	1,000
Rosario, Maria Theresa	-	2,718	-	-	2,718	-	2,718
San Diego, Immanuel	300	-	-	-	-	300	300
Suba, Sally	19,000	-	-	-	-	19,000	19,000
Tolentino, Rosula R.	12,224	-	-	-	-	12,224	12,224
Villar, Gerald L.	20,294	-	-	-	-	20,294	20,294
Fabila Gilbert	461	-	-	-	-	461	461

Forward

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
March 31, 2015

Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
Fernandez, Barbara	P 320	P -	P -	P -	P -	P 320	P 320
Escosia, Aurora	849	-	-	-	-	849	849
Olaco, Johnny	1,245	-	-	-	-	1,245	1,245
Ordiales, Henrico Paulo	758	-	-	-	-	758	758
Panlilio, Aaron Jason	3,629	-	-	-	-	3,629	3,629
Villamor, Katrina Joyce	2,408	-	-	-	-	2,408	2,408
Bigcas, Maria Lurain	-	3,023	-	-	3,023	-	3,023
Herrera, Rubie	-	6,518	-	-	6,518	-	6,518
Mones, Delilah	-	3,349	-	-	3,349	-	3,349
Cabasada, Albert III R.	26,099	-	-	-	-	26,099	26,099
Caratao, Jinky Rosario	6,800	-	-	-	-	6,800	6,800
Diwa, Alvin S.	31,784	-	-	-	-	31,784	31,784
Sarabia, Juliet S.	4,755	-	-	-	-	4,755	4,755
Tolentino, Rosula R.	8,647	-	-	-	-	8,647	8,647
Villanueva, Romulo	5,212	-	-	-	-	5,212	5,212
Yang, Gloria	11,760	-	-	-	-	11,760	11,760
TOTAL	**P 3,089,491**	**P 3,891,294**	**P 2,478,535**	**p -**	**P 2,657,857**	**P 1,844,394**	**P 4,502,250**

Note:

The total amount of advances presented in this schedule pertains to advances made to officers and employess which are other than those advances for official business purposes and advances for sickness benefits (SSS). The total amount is included as part of Advances to Officers and Employees under the Trade and Other Receivables account in the 2015 consolidated statement of financial position.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements
March 31, 2015

Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
FRC							
Unearned rental income (net of VAT) from FEU	P 6,777,646	P 74,656,504	(P 78,670,253)	P -	P 2,763,897	P -	P 2,763,897
Rental receivable (net of VAT) from FECSI	-	2,233,058	(1,492,857)	-	740,201	-	740,201
Various expenses receivable from EACCI	-	9,952,117	(6,986,240)	-	2,965,877	-	2,965,877
	P 6,777,646	**P 86,841,679**	**(P 87,149,350)**	**P -**	**P 6,469,975**	**P -**	**P 6,469,975**
FECSI							
Various expneses receivable from FEU	P -	P 180,727	(P 66,200)	P -	P 114,527	P -	P 114,527
Various expenses payable to FEU	1,632,286	3,977,025	(3,304,286)	-	2,305,025	-	2,305,025
Various expenses payable to FRC	1,632,286	3,075,025	(3,878,286)	-	829,025	-	829,025
	P 3,264,572	**P 7,232,777**	**(P 7,248,772)**	**P -**	**P 3,248,577**	**P -**	**P 3,248,577**
EACCI							
Various expenses payable to FEU	P -	P 3,262,897	P -	P -	P 3,262,897	P -	P 3,262,897
Various expenses payable to FRC	1,363,216	10,795,803	(9,193,142)	-	2,965,877	-	2,965,877
	P 1,363,216	**P 14,058,700**	**(P 9,193,142)**	**P -**	**P 6,228,774**	**-**	**P 6,228,774**
FEU - Alabang, Inc.							
Noninterest-bearing advances payable FEU	**P 385,158**	**P 84,372**	**P -**	**P -**	**P 469,530**	**P -**	**P 469,530**
FEU High School, Inc.							
Noninterest-bearing advances payable FEU	**P -**	**P 280,761**	**P -**	**P -**	**(P 280,761)**	**P -**	**P 280,761**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule D - Non-current Marketable Equity Securities, Other Long-term Investments in Stocks and Other Investments
March 31, 2015

Name of Issuing Entity and Description of Investment	*Beginning Balance*		*Additions (Deductions)*				*Ending Balance*		*Dividends Received from Investments Not Accounted for by the Equity Method*
	Number of Shares or Principal Amoun of Bonds and Notes	*Amount in Pesos*	*Equity in Earnings (Losses) of Investee for the Period*	*Others*	*Distribution of Earnings by Investee*	*Others*	*Number of Shares or Principal Amoun of Bonds and Notes*	*Amount in Pesos*	
Investment in an Associate - Juliana Management Company, Inc. (JMCI)	**43,659**	**P 6,769,756**	**(P 42,917)**	**P -**	**P -**	**P -**	**43,659**	**P 6,726,839**	**P -**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule F - Other Assets
March 31, 2015

Description	*Balance at Beginning of Period*	*Additions at Cost*	*Deductions*		*Other Changes*	*Balance at End of Period*
			Charged to Cost and Expenses	*Charged to Other Accounts*	*Additions (Deductions)*	
Current:						
Short-term investments	P 134,944,032	P -	P -	P -	(P 30,463,188)	P 104,480,844
Input value-added tax (VAT)	83,734,544	-	-	(4,354,286)	-	79,380,258
Prepaid expenses	7,804,289	10,007,304	-	-	-	17,811,593
	P 226,482,865	**P 10,007,304**	**P -**	**(P 4,354,286)**	**(P 30,463,188)**	**P 201,672,695**
Non-current:						
Refundable deposits	P 3,929,796	P 3,247,072	P -	P -	P -	P 7,176,868
Investment in golf club shares	2,050,000	-	-	-	-	2,050,000
Others	1,951,814	-	-	-	(229,610)	1,722,204
	P 7,931,610	**P 3,247,072**	**P -**	**P -**	**(P 229,610)**	**P 10,949,072**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule G - Long Term Debt
March 31, 2015

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount Shown Under Caption "Current Portion of Long Term Debt" in Related Balance Sheet*	*Amount Shown Under Caption "Long Term Debt" in Related Balance Sheet*	
Interest-bearing loan	P 1,000,000,000	P 676,923,077	P -	a
Contract to sell	11,439,944	2,528,661	-	b
Contract to sell	44,042,914	8,040,052	23,083,846	c
Contract to sell	14,253,750	1,463,599	10,507,425	d
TOTAL		**P 688,955,389**	**P 33,591,271**	

a *This pertains to the P800.0 million unsecured loan obtained by the University in December 2012. The initial loan agreement stipulates a floating interest rate which is the higher between the based interest rate plus a spread of 85 basis points (bps), and the BSP overnight reverse repurchase agreement rate plus a spread of 10 bps. Effective March 2014, the annual interest rate was fixed at a base interest plus a spread of 85 bps or 4.28950%. The loan was originally payable in 2017, however, was paid in full in June 2015.*

b *This pertains to the Contract to Sell (CTS) entered into by FRC with Alveo Land Corp. (Alveo) in 2012 for the purchase of a condominium unit in Makati City. Portion of the total contract price, amounting to P11.4 million, is payable in monthly installments over a period of four years commencing on March 2012. The said liability is noninterest-bearing and measured at amortized cost using the effective interest rate method. The discount rate used is 7.1% which is based on published market interest rates prevailing on the transaction date.*

c *This pertains to the CTS entered into by FRC with Ayala Land, Inc. in September 2013 for the purchase of a condominium unit is Makati City. Portion of the total contract price, amounting to P44.0 million, is payable in monthly installments over a period of five years and six months. The liability is noninterest-bearing and measured at amortized cost using the effective interest rate method at a discount rate of 0.69% which is based on published market interest rate prevailing on the transaction date.*

d *This pertains to the CTS entered into by FRC with Alveo in September 2013 for the purchase of a condominium unit is Taguig City. Portion of the total contract price, amounting to P14.3 million, is payable in monthly installments over a period of four years. The liability is noninterest-bearing and measured at amortized cost using the effective interest rate method at a discount rate of 1.07% which is based on published market interest rates prevailing on the transaction date.*

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule J - Capital Stock
March 31, 2015

Title of Issue	*Number of Shares Authorized*	*Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption*	*Number of Shares Reserved for Options, Warrants, Conversion and Other Rights*	*Number of Shares Held by Related Parties*	*Directors, Officers and Employees*	*Others*
Common shares - P100 par value	20,000,000	16,449,038	-	9,786,574	1,076,943	-

THE FAR EASTERN UNIVERSITY, INCORPORATED
Nicanor Reyes Sr. Street, Sampaloc, Manila
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended March 31, 2015

Unappropriated Retained Earnings at Beginning of Year			P	1,436,090,250
Prior Years' Outstanding Reconciling Items, net of tax				
Deferred tax income				(3,743,765)
Unappropriated Retained Earnings at Beginning of Year, as adjusted				1,432,346,485
Net Profit Per Audited Financial Statements	P	820,252,922		
Non-actual Unrealized Income, net of tax				
Deferred tax income		(2,046,307)		818,206,615
Other Transactions During the Year				
Dividends declared		(637,125,972)		
Appropriation of retained earnings		(35,800,000)		
Reversal of appropriations		56,730,000		(616,195,972)
Retained Earnings Restricted for Treasury Shares				(3,733,100)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year			**P**	**1,630,624,028**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of March 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendment to PFRS 1: Government Loans**	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(effective when PFRS 9 is first applied)*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments* *(effective January 1, 2018)*			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendment to PFRS 10: Transition Guidance	✓		
	Amendment to PFRS 10: Investment Entities**	✓		
PFRS 11	Joint Arrangements	✓		
	Amendment to PFRS 11: Transition Guidance	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Transition Guidance	✓		
	Amendment to PFRS 12: Investment Entities**	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts* *(effeective January 1, 2018)*			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative* *(effective January 1, 2016)*			✓
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the End of the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS19: Defined Benefit Plans - Employee Contributions* *(effective July 1, 2014)*	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation**	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendment to PAS 27: Investment Entities**	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendment to PAS 28: Investment Entities - Applying the Consolidation Exception*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		

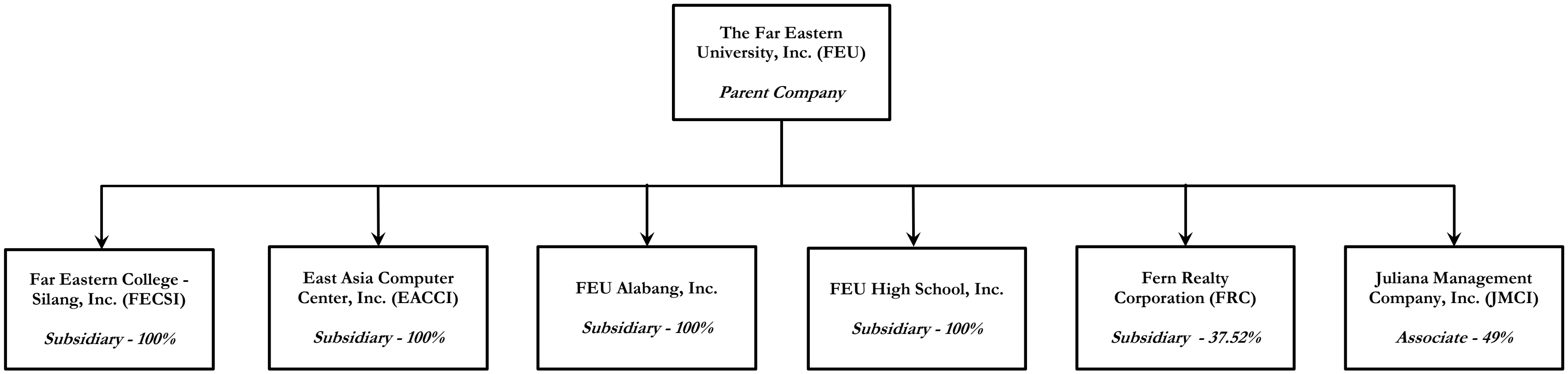
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting**	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine**	✓		
IFRIC 21	Levies**	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs			✓

* These standards will be effective for periods subsequent to 2015 and are not early adopted by the University.

** These standards have been adopted in the preparation of financial statements but the University has no significant transactions covered in the years presented.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Map Showing the Relationships Between and Among the University and Its Related Parties
March 31, 2015



Note:

Percentages indicated pertains to FEU's effective ownership interest over the respective related parties which is also disclosed in the consolidated financial statements.

THE FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
Financial Soundness Indicators
March 31, 2015, 2014 and 2013

	2015	2014	2013
Current / liquidity ratio	**2.51**	4.80	5.93
Quick ratio	**2.36**	4.45	5.64
Debt-to-equity ratio	**0.21**	0.23	0.24
Debt-to-asset ratio	**0.17**	0.19	0.19
Equity-to-asset ratio	**0.83**	0.81	0.81
Return on assets	**12%**	11%	13%
Return on equity	**14%**	14%	16%
Earnings per share	**P 62.48**	P 51.89 *	P 48.57 *

* *Restated after giving restrospective effect on the stock dividends declared on July 15, 2014.*

LIQUIDITY RATIOS measures the Group's ability to pay its short-term liabilities as these fall due.

Current ratio - current assets divided by current liabilities

Quick ratio - quick assets (cash and cash equivalents, marketable securities and accounts receivables) divided by current liabilities

SOLVENCY RATIOS measures the Group's ability to pay all its liabilities, both current and non-current, over a longer time horizon.

Debt-to-equity ratio - total libilities divided by total stockholders' equity

Debt-to-asset ratio - total libilities divided by total assets

Equity-to-asset ratio - total stockholders' equity divided by total assets

TEST OF PROFITABILITY refers to the Group's earning capacity. This includes the Group's ability to earn reasonable amount of income in relation to total investment.

Return on assets - net income divided by average total assets

Return on equity - net income divided by average total stockholders' equity

Earnings per share - net income divided by oustanding common shares

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There has been no recent change in and disagreement with Accountants on accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION

Item 9. Trustees and Executive Officers

Name	Ages	Citizenship	Position
Lourdes R. Montinola	87	Filipino	Chair Emeritus, Board of Trustees
Aurelio R. Montinola III	64	Filipino	Chair, Board of Trustees
Michael M. Alba	58	Filipino	President/Trustee
Angelina P. Jose	62	Filipino	Corporate Secretary/Trustee
Paulino Y. Tan	69	Filipino	Trustee
Antonio R. Montinola	62	Filipino	Trustee
Sherisa P. Nuesa	60	Filipino	Independent Trustee
Robert F. Kuan	67	Filipino	Independent Trustee
Edilberto C. de Jesus	72	Filipino	Independent Trustee
Maria Teresa Trinidad P. Tinio	49	Filipino	Senior Vice President for Academic Affairs
Myrna P. Quinto	53	Filipino	Vice President for Academic Development
Gianna R. Montinola	57	Filipino	Vice President for Corporate Affairs
Melinda G. Macaraig	61	Filipino	Vice President for Human Resource Development
Rudy M. Gaspillo	60	Filipino	Vice President for Facilities and Technical Services
Juan Miguel R. Montinola	54	Filipino	Chief Finance Officer
Rosanna I. Salcedo	50	Filipino	Treasurer
Glenn Z. Nagal	57	Filipino	Comptroller/Compliance Officer

TRUSTEES AND EXECUTIVE OFFICERS:

1. **Lourdes R. Montinola, 87, Filipino: Chair Emeritus (August 2013 to present), Chair (June 1989 to August 2013), Far Eastern University, Inc.**

   Other Corporate Affiliations: Chair, Board of Directors, FERN Realty Corporation; Chair and President, FEU Educational Foundation, Inc.; Trustee, Nicanor Reyes Educational Foundation, Inc.; Chair, Far Eastern College Silang, Inc.; Governor, Nicanor Reyes Memorial Foundation; Trustee, FEU-Dr. Nicanor Reyes Medical Foundation, Inc. and East Asia Educational Foundation, Inc.; Board Member, The English Speaking Union and MEMORARE-Manila 1945 Foundation, Inc. She is also a Member of the Museum Foundation of the Philippines, Inc., the Oriental Ceramic Society, the Heritage Conservation Society and HABI: The Philippine Textile Council, Inc.

   Dr. Montinola holds a Bachelor of Arts degree (cum laude) from Marymount College, New York, U.S.A., and an M.A. in Cultural History from the Asean Graduate Institute of Arts. She completed the Management Development Program for College and University Administrators in the Institute for Educational Management, Graduate School of Education, Harvard University, U.S.A. She obtained her Ph.D. in English: Creative Writing from the University of the Philippines.

2. **Aurelio R. Montinola III, 64, Filipino: Chairman of the Board of Trustees (August 2013 to present), Vice Chair (June 1989 to August 2013), Far Eastern University, Inc.**

   His other affiliations, among others, include: Chairman, Amon Trading Inc., BPI/MS Insurance Corporation, BPI-Philam Life Assurance Company, East Asia Computer Center, Inc., East Asia Educational Foundation, Inc. and Nicanor Reyes Educational Foundation, Inc.; Vice Chairman, Philippine Business for Education Foundation (PBED); Director, World Wildlife Fund Philippines; Trustee, Makati Business Club and Member, Management Association of the Philippines.

   He is also a Director of the Bank of the Philippine Islands and Chairman of Lafarge Republic, Inc., both listed corporations.

   He graduated with a BS Management Engineering degree at the Ateneo de Manila University in 1973, and received his MBA at Harvard Business School in 1977. He was awarded the 2005 and 2009 Asian Banker Leadership Award for the Philippines and the MAP Management Man of the Year Award in 2012.

3. **Michael M. Alba, 58, Filipino: President and Member of the Board of Trustees, Far Eastern University, Inc. (October 2012 to present)**

   He is President concurrently of East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Nicanor Reyes Educational Foundation, Inc. and Far Eastern College Silang, Inc. His affiliations include, among others: Philippine Association of Colleges and Universities (Board Member and Chair, Industry-Academe Linkage Committee), Private Education Assistance Committee (Regional Secretariat Program Director from the National Capital Region), Commission on Higher Education Technical Committee for Economics (Chair), Philippine Economic Society (Lifetime Member and President in 2007), Action for Economic Reforms (Fellow), Philippine Human Development Network (Member).

He obtained his AB (Economics) degree from the Ateneo de Manila University in 1978, MA (Economics) degree from the School of Economics, University of the Philippines (Diliman), in 1987, and PhD (Applied Economics) degree from Stanford University in

1993. “Household Vulnerability to Employment Shocks, 1997-1998,” a paper he wrote which appeared in the *Philippine Review of Economics*, was awarded the most outstanding scientific paper by the National Academy of Science and Technology in 2003.

4. Angelina Palanca Jose, 62, Filipino: Trustee (June 1990 to present) and Corporate Secretary, Far Eastern University, Inc. (February 1998 to present)

Other Corporate Affiliations: Member, Board of Directors, FERN Realty Corporation; Corporate Secretary and Trustee, Nicanor Reyes Educational Foundation, Inc.; Treasurer and Trustee, FEU Educational Foundation, Inc.; Corporate Secretary and Governor, Nicanor Reyes Memorial Foundation; Member, Executive Committee, Far Eastern University, Inc.; Corporate Secretary and Director, Far Eastern College Silang, Inc. and Chair, Board of Trustees, (up to April 9, 2015) and now Enrolled Member (April 10, 2015 to present) Ahon Sa Hirap, Inc.

Ms. Jose obtained her Bachelor of Science degree, major in Economics, from the University of the Philippines (Dean’s Medal).

5. Paulino Y. Tan, 69, Filipino: Trustee, Far Eastern University, Inc. (June 1991 to present)

Other Business Experience: President of Asia Pacific College; At present, Member of the Board of Directors/Trustees of the following companies: Nicanor Reyes Educational Foundation, Inc., FEU Educational Foundation, Inc., East Asia Educational Foundation, Inc., Lyceum of Batangas, Lyceum of Laguna, SM (Shoemart) Foundation, Inc., Asia Pacific Technology Educational Foundation, FERN Realty Corporation and Far Eastern College Silang, Inc.

Dr. Tan obtained the Degree of Bachelor in Science in Chemical Engineering from De La Salle University. He obtained both his M.S. and Ph.D. in Chemical Engineering from the University of Notre Dame, Indiana, U.S.A.

6. Antonio R. Montinola, 62, Filipino: Trustee, Far Eastern University, Inc. (November 2013 to present)

Corporate Affiliations: President and Director Southwestern Cement Ventures, Inc.; Director, Round Royal, Inc.; Vice-Chair & Director, AMON Trading Corp.; President & Director, FERN Realty Corp.; President & Director, Monti-Rey, Inc.; President & Director, Juliana Management Co., Inc.

Sports Affiliations: Senior Board Member, Universities Athletic Association of the Philippines (UAAP); Team Manager, FEU Tamaraws; Member, Manila Golf Club; Member, Tagaytay Midlands Golf Club; Member, The Rockwell Club.

He worked with Procter & Gamble and Jardine Davies, Inc. in the Philippines and with General Mills Corp., based in Minneapolis, Minnesota, U.S.A.

Mr. Montinola holds an A. B. Economics Degree (honors course) from Ateneo de Manila University (1973) and an M.B.A. from Stanford University, Palo Alto, California, U.S.A. (1978).

7. Sherisa P. Nuesa, 60, Filipino: Independent Trustee, Far Eastern University (August 2010 to present).

Her other affiliations include: President and Board Director, ALFM Mutual Funds Group. She is an Independent Director of: East Asia Educational Foundation, FERN Realty Corporation and ING Foundation, Inc. (Phils.). She is also an Independent Trustee of East Asia Computer Center, Inc., an Independent Governor of the FEU Health, Welfare and Retirement Fund Plan, a Trustee of Institute of Corporate Directors (ICD) and Integrity Initiative Foundation, a Consultant of Vicsal Development Corporation and a Board Member and Vice President of the Financial Executives Institute of the Philippines (FINEX).

She is also an Independent Director of Manila Water Company, a listed corporation.

She graduated with the degree of Bachelor of Science in Commerce (summa cum laude) at Far Eastern University in 1974 and received her Master in Business Administration degree from the Ateneo - Regis Graduate School of Business in 2010. She also completed an Advanced Management Program from the Harvard Business School in 1999 and a Finance Management Program at Stanford University in 1991. She received the ING - FINEX CFO of the Year award in 2008.

8. Robert F. Kuan, 67, Filipino: Independent Trustee, Far Eastern University, Inc. (September 2004 to present)

Other Business Affiliations: Trustee, St. Luke's Medical Center, Quezon City (Chairman, 1996-2011), St. Luke's Medical Center, Global City, Inc. (Chairman, 2009-2011), St. Luke's College of Medicine–William H. Quasha Memorial, Brent International School of Manila and Brent International School Subic, Inc., and AIM Scientific Research Foundation, Inc.; Chairman, Brent International School Baguio, Inc., Brent Schools, Inc., Towers Watson Insurance Brokers Philippines, Inc. and St. Theodore of Tarsus Hospital in Sagada, Inc.; Independent Director, China Bank Savings, Inc., Planter's Development Bank and Far Eastern College Silang, Inc.; and SEAOIL Philippines, Inc.

He is also an Independent Director of China Banking Corporation, a listed corporation.

Mr. Kuan graduated from the University of the Philippines (1970) with a degree of Bachelor of Science in Business Administration. In 1975, he earned his Masters in Business Management from the Asian Institute of Management (AIM). In 1993, he took up the Top Management Program at AIM, a program exclusively for company Presidents and Chief Executive Officers. He was a TOFIL (The Outstanding Filipino) Awardee in 2003 in the field of Business & Entrepreneurship; Agora Awardee for Entrepreneurship and Triple-A Awardee of AIM; Outstanding Alumnus Awardee in the field of Business given by the Alumni Association of the University of the Philippines (UP) and Distinguished Alumnus Awardee given by the College of Business Administration of the University of the Philippines (UP).

9. Edilberto C. de Jesus, 71, Filipino: Independent Trustee, Far Eastern University, Inc. (August 2012 to present)

His other affiliations, among others, include: Member, Board of Directors, Cagayan de Oro College, Phinma Corp. and Philippine Reclamation Authority; Member, Board of Trustees, Philippine Normal University and Foundation for Liberty and Prosperity; Member, Makati Business Club, Advisory Board and Philippine Business for Education; Fellow, Institute of Corporate Directors; Professor Emeritus, Asian Institute of Management and Independent Trustee, Nicanor Reyes Educational Foundation, Inc. He obtained a BA Honors Degree in the Humanities, cum laude at the Ateneo de Manila University in 1962, and received his M. Phil. (1969) and Ph.D. degrees (1972) from Yale University. He served as president of: Far Eastern University (1995-2002); University of the Cordilleras (2008-2009); Asian Institute of Management (2009-2012; and Secretariat Director, Southeast Asia Ministers of Education Organization in Bangkok (2005-2007). He also served in the Cabinet of President Corazon Aquino as Deputy Peace Commissioner and Presidential Adviser on Rural Development (1987-1992) and as Secretary of Education in the Cabinet of President Gloria Arroyo (2002-2004).

10. Maria Teresa Trinidad P. Tinio, 49, Filipino: Senior Vice President for Academic Affairs, Far Eastern University, Inc. (June 2011 to present)

Ph.D. Southeast Asian Studies, National University of Singapore, Master of English, major in Literature and Cultural Studies, Ateneo de Manila University, AB Humanities, Ateneo de Manila University. She also earned academic units in the Master of Liberal Arts, New School for Social Research, New York City.

Publications include contributions to the CCP Encyclopaedia of the Arts, the ACELT Journal, Pantas, the Loyola Schools Review, Philippine Studies and an essay in The Politics of English in Asia: Language Policy and Cultural Expression in South and Southeast Asia and the Asia Pacific published by John Benjamins (The Netherlands).

12. Myrna P. Quinto, 53, Filipino: Vice President for Academic Development, Far Eastern University, Inc. (April 2014 to present)

She is a member of some professional organizations such as Biology Teachers Association of the Philippines (BIOTA), Philippine Society for Microbiology (PSM), Association of Systematic Biologists of the Philippines (ASBP), Association of Philippine Colleges of Arts and Sciences (APCAS), Asian Association for Biology Education (AABE) and East Asian Science Educators (EASE).

Dr. Myrna P. Quinto is a BS Biology graduate from the College of the Holy Spirit. She finished her Master of Arts in Education major in Biology at the University of the Philippines and her Doctor of Philosophy in Science Education major in Biology at De La Salle University, Manila, Philippines.

13. Gianna R. Montinola, 57, Filipino: Vice President for Corporate Affairs, Far Eastern University, Inc. (November 2013 to present)

Concurrently Director and Corporate Secretary of FERN Realty Corporation, East Asia Computer Center, Inc. and Amon Trading Corporation; Trustee and Corporate Secretary, East Asia Educational Foundation, Inc.; and Director of Far Eastern College Silang, Inc., and Robinsons True Serve Hardware Phils, Inc. She is Co-founder of non-profit organizations Hands On Manila Foundation, Inc. and PeaceTech, Inc. A lawyer by profession, she was connected with the Quisumbing Torres Law Office (an affiliate of the

Baker & McKenzie Law Office, U.S.A.) from 1986 to 1992. She served as Philippine Honorary Consul to the Republic of Peru from 1992 to 1996, then joined the Marketing and Business Development departments of Rockwell Land Corporation from 1996 to 1998.

She earned a Bachelor of Arts degree in International Relations from Mount Holyoke College, U.S.A. and a Bachelor of Laws (Ll.B.) degree, with honors, from the Ateneo de Manila College of Law. She obtained a Masters degree in Public Administration from the John F. Kennedy School of Government at Harvard University, U.S.A.

14. Melinda G. Macaraig, 60, Filipino: Vice President for Human Resource Development, Far Eastern University, Inc. (January 2014 to May 2015)

She gained extensive local and international Human Resources Management experience and exposure in San Miguel Corporation as Assistant Vice President-HR Consultant, SMC Group of Companies; Assistant Vice President-Organization and Management Development for San Miguel Brewing Group; and Assistant Vice President-Human Resources and Administration for Monterey Farms Corporation. She acquired five (5) years HR consulting experience with several companies in different industries, notably: Globe Telecom, ABS-CBN, Asian Institute of Management, Meralco, and Asian Hospital and Medical Center. Prior to joining FEU, she was the Director of Human Resources Management and Administration of Next Mobile Inc., a tele-communications company.

She obtained her Master of Arts in Industrial Relations and Bachelor of Science in Business Economics from the University of the Philippines; completed the Management Development Program at the Asian Institute of Management and Human Resources Management in Asia at Insead-Euro Asia Center, Macao; and participated in the World Congress on Personnel Management sponsored by the Hongkong Institute of Human Resources Management.

15. Rudy M. Gaspillo, PME, CFPS (NFPA), M. Eng., 60 Filipino: Vice President for Facilities and Technical Services, Far Eastern University, Inc. (March 2010 to present)

Other Business Affiliations: International Member, National Fire Protection Association (NFPA), American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE); International Member, International Code Council (USA); Life Member, Philippine Society of Ventilating, Air Conditioning and Refrigerating Engineers (PSVARE) and Life Member, Philippine Society of Mechanical Engineers (PSME) Makati Chapter.

He graduated with a degree of Bachelor of Science in Mechanical Engineering from the University of Negros Occidental – Recoletos and earned his Master of Engineering from the University of the Philippines. Ranked 8th place in the Board Examination for Mechanical Engineers in August 1977. Licensed Professional Mechanical Engineer. NFPA Certified Fire Protection Specialist (CFPS). Recently passed the Comprehensive Exam for the Stationary Pumps for Fire Protection and Automatic Sprinkler Systems administered by the U.S. NFPA.

16. Juan Miguel R. Montinola, 54, Filipino: Chief Finance Officer, Far Eastern University, Inc. (September 2010 to present)

Other Corporate Affiliations: Chair, FEU Health, Welfare and Retirement Fund Plan; Director of FERN Realty Corporation, East Asia Computer Center, Inc. and Far Eastern College Silang, Inc.; Trustee of East Asia Educational Foundation, Inc., and FEU Educational Foundation, Inc.; Board Member, Nicanor Reyes Memorial Foundation, AMON Trading Corporation, Urban Program for Livelihood Finance and Training and Petnet. He is also a Member of the Executive Committees of Far Eastern University, Inc. and Far Eastern College Silang, Inc.

Mr. Montinola was Chief Executive Officer and Country Manager of Lafarge Cementi SA, Italy, from 2006 to 2008, and President and CEO of Republic Cement Corporation from 1996 to 2006. During this period he served concurrently as Senior Vice President for Commercial Business from 2002 to 2006, and SVP for Procurement from 2001 to 2002, of Lafarge Cement Services, Inc.

Prior to 1996, Mr. Montinola held various positions in Republic Cement Corporation and served as a member of the Board of Directors in different organizations.

Mr. Montinola has an MBA from International Institute of Management Development, Switzerland, and an AB Economics degree from College of William & Mary, Virginia, USA.

17. Rosanna Esguerra-Salcedo, 50, Filipino: Treasurer, Far Eastern University, Inc. (September 2014 to present)

Ms. Salcedo is a Member of the Credit Management Association of the Philippines.

Before joining FEU, she worked at the Bayan Telecommunications, Inc., where she managed numerous departments: initially as Head of General Accounting and Accounts Payable, then, Budget Department and Revenue Accounting, and as Head of Billing and Collection. She also served as the Head of Treasury and Internal Audit of Mariwasa Manufacturing, Inc. for five years.

Prior to joining the private sector, she worked for SGV & Co. both as an External Senior Auditor and Tax Senior Auditor.

Ms. Salcedo is a Certified Public Accountant. She obtained her BSBA Major in Accounting, Cum Laude, from the University of the East. She also completed her Management Leadership Program at the Asian Institute of Management.

18. Glenn Z. Nagal, 56, Filipino: Comptroller (November 1996 to present)/Compliance Officer, Far Eastern University, Inc. (September 2011 to present)

Work experience: External Auditor, Carlos J. Valdes and Company; Examiner, Central Bank of the Philippines; Internal Audit Manager, Far Eastern University; Chief Accountant and Budget Director, Far Eastern University; and Accounting Professor, Far Eastern University.

A Certified Public Accountant by profession, Mr. Nagal graduated with the degree of Bachelor of Science in Commerce, major in Accounting from Far Eastern University.

The term of office of a Trustee is one (1) year or until his/her successor is elected and qualified. The members of the Board of Trustees of the Corporation are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting, up to the time their respective successors shall have been elected and qualified.

The officers are appointed or elected annually by the Board of Trustees at its organizational meeting, each to hold office until the corresponding meeting of the Board the following year or until a successor shall have been elected, appointed and qualified.

Significant Employees

The corporation considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the corporation's goals and objectives.

Family Relationships

Dr. Lourdes R. Montinola, Chair Emeritus is the mother of the Mr. Aurelio R. Montinola III, Chair and Mr. Antonio R. Montinola, Trustee. Likewise, she is the mother of Mr. Juan Miguel R. Montinola, Chief Finance Officer and Atty. Gianna R. Montinola, Vice President for Corporate Affairs.

Training and/or Continuing Education Programs of Trustees

The continuing education programs for directors: programs and seminars and roundtables attended during the year are as follows:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Angelina P. Jose	08 April2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Paulino Y. Tan	08 April2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Sherisa P. Nuesa	18 February 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Edilberto C. de Jesus	26 January 2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Antonio R. Montinola	15 March 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Gianna R. Montinola	15 March2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Myrna P. Quinto	15 March 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Melinda G. Macaraig	15 March2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Rosanna I. Salcedo	29 May 2015	Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Robert W. Caracas	15 March 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors

Number of Meetings and Attendance of the Board of Trustees

Below is the table of attendance of the members of the Board of Trustees in their regular/organizational meetings for the period 01 April 2014 to 31 March 2015 are as follows:

Members of the Board of Trustees	Regular Meetings												
	4/15	5/20	6/17	7/15	8/19	9/16*	9/16	10/21	11/18	12/02	1/20	2/17	3/17
Lourdes R. Montinola	/	/	x	/	/	/	/	/	/	/	/	/	/
Aurelio R. Montinola III	/	/	/	/	/	/	/	/	/	/	/	/	/
Michael M. Alba	/	/	/	/	/	/	/	/	/	/	/	/	/
Angelina P. Jose	/	/	/	/	/	/	/	/	/	/	/	/	/
Antonio R. Montinola	/	/	x	/	/	/	/	/	/	/	/	/	/
Sherisa P. Nuesa	/	/	/	x	/	x	x	/	/	/	/	/	/
Paulino Y. Tan	/	/	/	/	/	/	/	/	/	x	/	/	/
Robert F. Kuan	x	/	/	/	/	/	/	/	/	/	/	/	/
Edilberto C. de Jesus	/	/	/	x	/	/	/	/	/	/	/	/	/

/ - Present
x - Absent (Authorized Leave)
* - Organizational Meeting
** - Special Meeting of the Board of Trustees

Item 10. Executive Compensation

Name	Principal Position	01 April 2013 to 31 March 2014	01 April 2014 to 31March 2015	01 April 2015 to 31March 2016
Lourdes R. Montinola[1]	Chair Emeritus, Board of Trustees			
Aurelio R. Montinola III[2]	Chair, Board of Trustees/ Chief Executive Officer			
Michael M. Alba	Trustee/President			
Angelina P. Jose	Trustee/Corporate Secretary			
Juan Miguel R. Montinola	Chief Finance Officer			
Maria Teresa Trinidad P. Tinio	SVP – Academic Affairs			
Gianna R. Montinola[3]	VP – Corporate Affairs			
Miguel M. Carpio	VP – Academic Services			
Auxencia A. Limjap[4]	VP – Academic Development			
Myrna P. Quinto[5]	VP – Academic Development			
Rudy M. Gaspillo	VP – Facilities and Technical Services			
Melinda G. Macaraig[6]	VP – Human Resources Development			
Herminia I. Maliwat[7]	Treasurer			
Rosanna E. Salcedo[8]	Treasurer			
Glenn Z. Nagal	Comptroller and Compliance Officer			
		₱55,843,539.52	₱44,246,818.89	₱45,218,847.00

Note:

[1]Retired as Chair & CEO and assume the title of Chair Emeritus effective August 27, 2013
[2]Effective August 27, 2013
[3]Effective November 18, 2013
[4]Retired effective April 1, 2014
[5]Effective April 1, 2014
[6]Effective on January 16, 2014
[7]Retired effective September 15, 2014
[8]Effective September 8, 2014

The compensation above presented are actual for the last two (2) completed fiscal years and the estimate for the ensuing fiscal year ending 31 March 2016. Aggregate amount is ₱145,309,205.41.
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Compensation of Directors

A. Standard Arrangement

The members of the Board of Trustees of the corporation are receiving gas allowances for regular board/special board meetings attended. They are also entitled to bonuses at the end of the fiscal year at the discretion of the Board, while the officers of the corporation are entitled to basic salaries, fringe benefits, and also bonuses at the discretion of the Board.

B. Other Arrangement

There are no other material terms or conditions of employment for contractual executive officers.

Voting Trust Holders

The Registrant is not a party to any voting trust agreement. No security holder of the Registrant holds a voting trust or other similar agreements.

No information is available on all outstanding warrants or options held by the members of the Board of Trustees and officers of the corporation.

Summary Compensation Table I

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Lourdes R. Montinola[1] Chair Emeritus, Board of Trustees	- x -	- x -	- x -	- x -
Aurelio R. Montinola III[2] Chair, Board of Trustees/ Chief Executive Officer	- x -	- x -	- x -	- x -
Michael M. Alba Trustee/President	- x -	- x -	- x -	- x -
Angelina P. Jose Trustee/Corporate Secretary	- x -	- x -	- x -	- x -
Juan Miguel R. Montinola Chief Finance Officer	- x -	- x -	- x -	- x -
Maria Teresa Trinidad P. Tinio SVP-Academic Affairs	- x -	- x -	- x -	- x -
Gianna R. Montinola[3] VP-Corporate Affairs	- x -	- x -	- x -	- x -
Miguel M. Carpio VP-Academic Services	- x -	- x -	- x -	- x -
Auxencia A. Limjap[4] VP-Academic Development	- x -	- x -	- x -	- x -
Myrna P. Quinto[5] VP-Academic Development	- x -	- x -	- x -	- x -
Rudy M. Gaspillo VP-Facilities and Technical Services	- x -	- x -	- x -	- x -
Melinda G. Macaraig[6] VP-Human Resource Development	- x -	- x -	- x -	- x -
Herminia I. Maliwat[7] Treasurer	- x -	- x -	- x -	- x -
Rosanna E. Salcedo[8] Treasurer	- x -	- x -	- x -	- x -
Glenn Z. Nagal Compliance Officer/Comptroller	- x -	- x -	- x -	- x -
Grand Total	2013-2014	₱39,870,922.22	₱ 15,972,617.30	- x -
	2014-2015	32,885,720.62	11,361,098.27	- x -
	2015-2016 (est.)	33,495,747.07	11,723,099.93	- x -

Note:

[1]Retired as Chair & CEO and assume the title of Chair Emeritus effective August 27, 2013
[2]Effective August 27, 2013
[3]Effective November 18, 2013
[4]Retired effective April 1, 2014
[5]Effective April 1, 2014
[6]Effective on January 16, 2014
[7]Retired effective September 15, 2014
[8]Effective September 8, 2014

Summary Compensation Table II (2013-2014)

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Lourdes R. Montinola[1] Chair Emeritus, Board of Trustees	- x -	- x -	- x -	- x -
Aurelio R. Montinola, III[2] Chair, Board of Trustees	- x -	- x -	- x -	- x -
Michael M. Alba Trustee/President	- x -	- x -	- x -	- x -
Juan Miguel R. Montinola Chief Finance Officer	- x -	- x -	- x -	- x -
Glenn Z. Nagal Compliance Officer/Comptroller	- x -	- x -	- x -	- x -
Miguel Carpio VP for Academic Services	- x -	- x -	- x -	- x -
Total	2013-2014	₱27,549,564.61	₱10,756,817.69	- x -

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
All Officers and Trustees as a Group	2013-2014	₱39,870,922.22	₱22,597,617.30	- x -

Note:

[1]Chair and CEO up to August 2013; Chair Emeritus effective September 2013
[2]Chairman and CEO effective September 2013

Summary Compensation Table III (2014-2015)

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Lourdes R. Montinola[1] Chair Emeritus, Board of Trustees	- x -	- x -	- x -	- x -
Aurelio R. Montinola III[2] Chair, Board of Trustees	- x -	- x -	- x -	- x -
Michael M. Alba Trustee/President	- x -	- x -	- x -	- x -
Juan Miguel R. Montinola Chief Finance Officer	- x -	- x -	- x -	- x -
Glenn Z. Nagal Compliance Officer/Comptroller	- x -	- x -	- x -	- x -
Maria Teresa Trinidad P. Tinio VP for Academic Affairs	- x -	- x -	- x -	- x -
Total	2014-2015	₱20,132,896.65	₱7,050,382.25	- x -
	2015-2016	21,340,870.45	7,293,405.19	- x -

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
All Officers and Trustees as a Group	2014-2015	₱32,885,720.62	₱20,361,098.27	- x -
	2015-2016 (est.)	33,495,747.07	20,723,099.93	- x -

Item 11. Security Ownership of Certain Beneficial Owners and Management

Beneficial Owners of More Than 5% and 10% Securities as of March 31, 2015

As of March 31, 2015, Far Eastern University does not have on record any person party or entity who beneficially owns more than 5% and 10% of common stock except as set forth in the table below:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Seyrel Investment and Realty Corporation[1] 10th Fl., Pacific Star Bldg. Cor. Makati & Gil Puyat Ave. Makati City	Seyrel Investment and Realty Corporation	Filipino	4,717,162	28.63
Common	Sysmart Corporation[2] 426 MKSE, Ayala Avenue Makati City	Sysmart Corporation	Filipino	3,546,138	21.52
Common	Desrey, Incorporated[3] 10th Fl., Pacific Star Bldg. Cor. Makati & Gil Puyat Ave. Makati City	Desrey, Inc.	Filipino	1,318,464	08.00

All of the above are direct beneficial owners of the securities.

[1]Dr. Lourdes, R. Montinola as President is authorized to vote for the shares of the Corporation.

[2]Ibid

[3]Mr. Henry Sy Sr. as Chair of the Board will vote for the shares of the Corporation.

Security Ownership of Management

Title of Class	Name of Beneficial Owner	Number of Shares and and Nature of Beneficial Ownership	Citizenship	Percent Of Class
Common	Lourdes R. Montinola Chair Emeritus	7,962 - D	Filipino	0.04832
Common	Mr. Aurelio R. Montinola III Chair, Board of Trustees	313,812 - D	Filipino	1.90454
Common	Dr. Michael M. Alba Trustee/President	1 - I	Filipino	0.00001
Common	Angelina Palanca Jose Trustee/Corporate Secretary	531,873 - D	Filipino	3.22797
Common	Paulino Y. Tan Trustee	1 - I	Filipino	0.00001
Common	Antonio R. Montinola Trustee	72,412 - D	Filipino	0.43947
Common	Sherisa P. Nuesa Independent Trustee	81 - D 1,440 - I	Filipino	0.00049 0.00874
Common	Edilberto C. de Jesus Independent Trustee	227 - D	Filipino	0.00138
Common	Robert F. Kuan Independent Trustee	1 - I	Filipino	0.00001
Common	Juan Miguel R. Montinola Chief Finance Officer	75,144 - D 570 - I	Filipino	0.45605 0.00346
Common	Rosanna E. Salcedo Treasurer	1 - I	Filipino	0.00001
Common	Glenn Z. Nagal Comptroller	678 - D	Filipino	0.00411
Common	Gianna R. Montinola Vice President for Corporate Affairs	72,626 - D	Filipino	0.44077
Common	Rudy M. Gaspillo Vice President for Facilities and Technical Services	114 - D	Filipino	0.00069

Security of Ownership of Management as a Group

Total Shares	-	1,076,943
Percentage	-	6.53603%

Item 12. Certain Relations and Related Party Transactions

The Group's related parties include related parties under common management and key management personnel as described below. The following are the Group's significant transactions with such related parties:

	2015		2014		2013			
	Amount of Transaction	**Outstanding Receivable (Payable)**	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)	Terms	Conditions
Related Parties Under Common Management								
Subscription of preferred stocks	**P 240,000,000**	**P -**	P 479,250,000	P -	P 280,750,000	P -	nonredeemable; non-controlling	not applicable
Advances to related parties	**67,154,820**	**73,007,764**	(8,333,308)	5,852,944	(2,139,358)	14,186,252	due and demandable; noninterest-bearing	unsecured; advances to ICF-CCE, Inc. and FEFI were fully impaired in 2013
Advances from related party	**(26,934,928)**	**(26,934,928)**	-	-	-	-	due and demandable; noninterest-bearing	unsecured; not impaired
Management fees	**43,494,910**	**24,983,823**	55,358,978	56,534,249	55,358,978	52,242,167	payable within 30 days; noninterest-bearing	unsecured; not impaired
Rental Income	**99,825,772**	**7,246,292**	73,820,732	6,226,344	70,721,087	2,913,852	payable within 30 days; noninterest-bearing	unsecured; rental receivable from ICF-CCE, Inc. was fully impaired in 2013
Rental Deposits	**(7,718,630)**	**(7,718,630)**	-	-	-	-	not applicable	not applicable
Others	**(3,250)**	**1,310,000**	-	1,313,250	7,387,152	1,316,500	due and demandable; noninterest-bearing	unsecured; impaired

Subscription of Preferred Stocks

In 2015, 2014 and 2013, EAEFI, a related party under common management, entered into a subscription agreement for the purchase of 240,000, 280,750 and 479,250 preferred shares of EACCI, respectively (see Note 25.4). The total consideration paid by EAEFI amounted to P240.0 million, P479.3 million and P280.8 million in 2015, 2014 and 2013, respectively.

There were no outstanding receivables arising from these transactions as they were also fully paid by EAEFI in the year of subscription.

Noninterest-bearing Advances

(a) Advances of University to Related Parties

The University grants unsecured and noninterest-bearing advances, which are due and demandable, to related parties under common management and a joint venture of the Group for working capital purposes.

Summarized below are the outstanding receivables from these advances as of March 31, 2015, 2014 and 2013 recorded under Receivables from related parties, that is shown as part of the Trade and Other Receivables – Net account in the consolidated statements of financial position:

	Beginning Balance	Additional Advances	Repayments	Impairment	Ending Balance
2015					
EAEFI	**P 5,852,944**	**P 20,812,111**	**(P 19,490,981)**	**P -**	**P 7,174,074**
2014					
EAEFI	P 11,693,293	P 30,496,530	(P 36,336,879)	P -	P 5,852,944
FERN College	2,492,959	41,010	(2,533,969)	-	-
	P 14,186,252	P 30,537,540	(P 38,870,848)	P -	P 5,852,944
2013					
ICF-CCE, Inc.	P 23,750,000	P -	P -	(P 23,750,000)	P -
EAEFI	14,300,692	17,163,977	(19,771,376)	-	11,693,293
FERN College	2,024,918	2,553,157	(2,085,116)	-	2,492,959
	P 40,075,610	P 19,717,134	(P 21,856,492)	(P23,750,000)	P 14,186,252

In 2013, management assessed that total amount of advances to ICF-CCE, Inc. amounting to P23.8 million was doubtful of collection and was provided with 100% allowance for impairment. It is shown as part of Finance Costs in the 2013 consolidated statement of profit or loss. The collection of the outstanding receivable was assessed by management to be improbable; thus, were written-off in 2014 consolidated statement of financial position.

No other advances were impaired as of March 31, 2015, 2014 and 2013 as management believes that these outstanding balances are collectible in full in all the years presented.

(b) Advances between EACCI and EAEFI

In 2015, EACCI granted to and obtained, from EAEFI, cash advances for working capital requirements and other purposes. These advances are non-interest bearing, unsecured and payable in cash upon demand. Outstanding advances to EAEFI, amounting to P65.8 million, are presented as part of Receivables from related parties under the Trade and Other Receivables – Net account, while the outstanding advances from EAEFI, amounting to P26.9 million, are presented as Advances from related party under the Trade and Other Payables account in the 2015 consolidated statement of financial position. No impairment loss is recognized by the Group on these advances as of March 31, 2015, 2014 and 2013.

Management Services

The University provides management services to EAEFI which agreed to pay management fee computed at a certain percentage of the latter's gross revenue subject to certain conditions. Management fees earned amounted to P43.5 million in 2015 and P55.4 million in both 2014 and 2013 and is presented as Management Fees under Revenues in the consolidated statements of profit or loss.

Outstanding receivables arising from this transaction amounted to P25.0 million, P56.5 million and P52.2 million as of March 31, 2015, 2014 and 2013, respectively, and are presented as part of Receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position. No impairment loss is recognized by the University on these receivables.

Leases

(a) Lease of Buildings to EAEFI

The University leases out certain buildings to EAEFI for a period of one to five years until May 31, 2015. However, upon expiration of the term of the contract, the University and EAEFI had mutually agreed not to renew such lease agreement as the construction of the school building of EACCI was fully completed in 2015. Accordingly, EAEFI and EACCI entered into a contract to lease certain floors of EACCI's newly constructed school building. The lease commenced on July 1, 2014 for a period of 5 years with 5% annual escalation.

In relation to the new lease contract between EACCI and EAEFI, the Group also received security deposits amounting to P7.72 million that is presented as part of the Other Non-current Liabilities account in the 2015 consolidated statement of financial position. There were no similar payments made by EAEFI to the University for all the years presented.

Total rental income earned by the University and EACCI from EAEFI, presented as part of Rental in the consolidated statements of profit or loss, amounted to P86.3 million, P60.3 million and P53.4 million in 2015, 2014 and 2013, respectively. Outstanding receivable arising from the transaction amounts to P3.6 million and is presented as part of the Trade and Other Receivables – Net account in the 2015 consolidated statement of financial position.

(b) Lease of Buildings to FERN College

FRC leases out certain buildings to FERN College effective from June 1, 2007 to May 31, 2017 for an annual rental of P1.4 million or 10% of gross annual revenue, whichever is higher. In January 2013, an amended lease agreement was executed by both parties which stated that the lease term shall now be from January 31, 2013 to December 31, 2023 for an annual rental fee of P1.2 million or 10% of FERN College's annual gross income, whichever is higher.

Total rental income of FRC from FERN College amounted to P13.5 million in both 2015 and 2014 and P12.1 million in 2013, which is recorded as part of Rental under Revenues in the consolidated statements of profit or loss. Outstanding receivables from this transaction amount to P3.6 million, P6.2 million and P2.9 million as of March 31, 2015, 2014 and 2013, respectively, are presented as part of Rental receivable under the Trade and Other Receivables account in the consolidated statements of financial position. No impairment loss is recognized by the Group on this receivable from FERN College.

(c) Lease of Transportation Vehicle to FERN College

In 2012, FRC entered into a contract with FERN College for the lease of a bus to the latter for a fixed monthly rental of P0.1 million covering a term of five years, from June 2012 to May 31, 2017.

The rental income earned from this transaction amounted to P0.1 million in 2015, 2014 and 2013 and is presented as part of Rental under Revenues in the consolidated statements of profit or loss. As of March 31, 2015, 2014 and 2013, unearned rental income from FERN College amounting to P1.8 million, P2.6 million and P3.4 million, respectively, are recognized and presented as part of the Deferred Revenues account in the consolidated statements of financial position.

(d) Lease of Office Premises to ICF-CCE, Inc.

The University leased out certain floors of a building in FEU Makati Campus to ICF-CCE, Inc. in previous years but such lease contract expired and was not renewed in March 2013. Total rental income earned from this transaction amounted to P5.2 million and is recorded as part of Rental under Revenues account in the 2013 consolidated statement of profit or loss.

In 2013, management assessed that total rental receivables from ICF-CCE, Inc. amounting to P19.7 million is no longer collectible; hence, the University provided full amount of allowance on the total receivable balance. The related impairment loss is recognized as part of Finance Costs in the 2013 consolidated statement of profit or loss. In 2014, receivables from ICF-CCE, Inc. were written-off.

Others

In 2013, the University incurred various expenses on behalf of FEFI and ICF-CCE, Inc. Accordingly, the outstanding receivable arising from these transactions amounted to P83.7 million and is recorded as part of Receivables from related parties under the Trade and Other Receivables account in the 2013 consolidated statements of financial position. However, management assessed that the collection of such receivable is doubtful and was provided with allowance that is recorded as part of Finance Costs in the 2013 consolidated statement of profit or loss. In 2014, management assessed that the collection of the receivable is improbable; thus, were written-off in the 2014 consolidated statement of financial position.

Others include due to stockholders that pertain to the unclaimed balance by certain stockholders arising from the return of investment in 2005 and 2015 relating to fractional shares of FRC. Total amount of payable to stockholders amounted to P1.3 million as of March 31, 2015, 2014 and 2013 and is presented as part of Others under the Trade and Other Payables account in the consolidated statements of financial position.

PART V – EXHIBITS AND SCHEDULES

<u>Item 13. Exhibits and Reports on SEC Form 17-C</u>

(a) Exhibit

The exhibits are not applicable to the company nor require any answer.

(b) Report on SEC Form 17-C

1. Board of Trustees' meeting held on 15 April 2014:

   Authorization on the formation and incorporation of a subsidiary to be known as – "FEU High School, Inc.", which will offer and conduct enhanced basic education programs and authorization for the said subsidiary to use the term "FEU" in its corporate and brand names.

   Authorization and approval of the formation and establishment of a new educational institution, the FEU High School, Inc., with an authorized capital stock of Forty Million Pesos (₱40,000,000.00), divided into Four Hundred Thousand (400,000) shares with the par value of One Hundred Pesos (₱100.00) per share, and with the following as its incorporators: Michael M. Alba, Juan Miguel R. Montinola, Paulino Y. Tan, Aurelio R. Montinola III, and Glenn Z. Nagal;

   Approval of the subscription of the Corporation of Ninety Nine Thousand Nine Hundred Ninety Five (99,995) shares in FEU High School, Inc, with the par value of One Hundred Pesos (₱100.00) per share, and of which Two Million Four Hundred Ninety Nine Thousand Five Hundred Pesos (₱2,499,500.00) will be paid.

   Report received on 16 April 2014.

2. Board of Trustees' meeting held on 20 May 2014:

   Authorization for the FEU Public Policy Center Foundation, Inc. (the "Foundation") to use the term "FEU" in its corporate name.

   Authorization and approval of the Corporation's membership in and contribution to the Foundation, which shall have the following incorporators: Aurelio R. Montinola III, Michael M. Alba, Edilberto C. De Jesus, Gianna Maria Teresa R. Montinola, and Elizabeth P. Melchor;

   Approval of the Corporation's contribution in the Foundation in the amount of Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Five Pesos (₱999,995.00).

   Termination of the services of the transfer agent of Far Eastern University (the "Company"), Arsel Development Corporation effective 30 June 2014.

Approval of the engagement of Stock Transfer Service, Inc. (STSI) as the Company's new stock transfer agent for improved services effective 01 July 2014.

Report received on 21 May 2014.

3. Board of Trustees' meeting held on 17 June 2014:

   Appointment of Ms. Rosanna E. Salcedo as Treasurer of Far Eastern University, Inc. effective 08 September 2014, vice Ms. Herminia I. Maliwat who retired on 15 September 2014. Ms. Salcedo owns one (1) share of stock of the corporation.

   Declaration of ₱12.00 per share cash dividend on record as of 01 July 2014, payable on 15 July 2014.

   Report received on 18 June 2014.

4. On 25 June 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 62 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

   Report received on 26 June 2014.

5. On 11 July 2014, FERN Realty Corporation, a subsidiary of Far Eastern University, at its meeting held on said date, adopted the following resolutions:

   RESOLVED, That the Board of Directors of FERN Realty Corporation (the "Corporation") authorize and approve, as it is hereby authorized and approved, the declaration of cash dividend of 10% per share to all stockholders on record as of 25 July 2014, payable on 04 August 2014. The total cash dividend amounts to ₱17,792,000.00.

   RESOLVED, FURTHER, That the Board of Directors of the Corporation authorize, as it hereby authorizes, the Corporation to close its books from 26 July to 03 August 2014, both dates inclusive, for purposes of the above cash dividend declaration.

   NOW, THEREFORE, BE IT RESOLVED, that the authorized capital stock of the Corporation, be and is hereby increased from ₱200,000,000.00 divided into 200,000 shares with a par value of ₱1,000.00 per share to ₱500,000,000.00 to be divided into 500,000 shares with a par value of ₱1,000.00 per share;

RESOLVED, FURTHER, that the trustees and proper officers be, as they are hereby empowered, authorized and directed to transfer out of the surplus of the Corporation to the capital account thereof the sum of ₱88,960,000.00, thereby increasing the subscribed and capital account of the Corporation and that a 50% stock dividend of ₱88,960,000.00 or 88,960 shares be declared and distributed among the stockholders as of record date to be fixed by order of the Securities and Exchange Commission, in proportion to their respective shareholdings, such dividend to be issued as soon as thereafter as the necessary government permit or authorization shall have been issued;

RESOLVED, FURTHER, That all fractional shares resulting from said stock dividend shall be paid in cash by the Corporation at par value.

RESOLVED, FURTHER, that to reflect the increase in the authorized capital stock of the Corporation, Article Seventh of the Amended Articles of Incorporation be, as it is hereby further amended to read as follows:

> SEVENTH: That the capital stock of the Corporation is Five Hundred Million Pesos (₱500,000,000.00), Philippine Currency, divided into Five Hundred Thousand (500,000) shares at the par value of One Thousand Pesos (₱1,000.00) per share.

RESOLVED, FURTHER, that the trustees and proper officers of this Corporation be, as they are authorized, empowered and directed to do all things necessary to give effect to the foregoing resolutions.

RESOLVED, FINALLY, that the foregoing resolutions be submitted for the consideration and approval of the stockholders of the Corporation at the Annual Stockholders' Meeting scheduled to be held on 12 August 2014.

Report received on 14 July 2014.

6. Board of Trustees' meeting held on 15 July 2014:

Declaration of 20% stock dividend from the unissued portion of the authorized capital stock of the Corporation, subject to the approval and confirmation of the stockholders of the Corporation at the Annual Stockholders' Meeting on 23 August 2014.

Authorization for the Corporation to distribute the above stock dividend among the stockholders of the Corporation as of record date, which shall be determined after said Annual Stockholders' Meeting, and issue such stock dividend as soon as the necessary permit or authorization from the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) shall have been obtained.

Authorization for the Corporation to pay all fractional shares, if any, resulting from said stock dividend in cash at par value.

Report received on 17 July 2014

7. On 23 July 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 348 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

   Report received on 24 July 2014.

8. On 24 July 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 800 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

   Report received on 25 July 2014.

9. On 31 July 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 2,356 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

   Report received on 01 August 2014.

10. On 06 August 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 1,644 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 07 August 2014.

11. Board of Trustees' meeting held on 19 August 2014:

    Authorization to amend Article Third of the Amended Articles of Incorporation and Section I of the Amended By-Laws to incorporate the change in its principal office from "Manila, Philippine Islands/City of Manila" to **"Nicanor Reyes Street, Sampaloc, Manila",** in compliance with Memorandum Circular No. 6 Series of 2014 issued by the Securities and Exchange Commission. The aforementioned provisions will be amended to read as follows:

    > "**Third.** That the place where the principal office of the corporation is to be established or located is **at Nicanor Reyes Street, Sampaloc, Manila.**"
    >
    > "Section I. – OFFICE: The office of the corporation shall be located at **Nicanor Reyes Street, Sampaloc, Manila,** at the principal place of business of said corporation in said city, or at such other place in said city as the Board of Trustees may, from time to time, determine and fix."

    Authorization for the Corporation, a stockholder of East Asia Computer Center, Inc. to waive its pre-emptive rights over the Two Hundred Forty Thousand (240,000) preferred shares, at the par value of ₱1,000 per share, to be issued out of the unissued portion of capital stock of EACC.

Authorization, appointment and designation of the following officers: Michael M. Alba, President and Juan Miguel R. Montinola, Chief Finance Office to represent the Corporation in effecting the foregoing resolution, with full power and authority to sign, execute and deliver any and all contracts, documents, instruments and other writings as may be required and necessary to facilitate and consummate the said transaction for and in behalf of the Corporation.

Report received on 20 August 2014

12. Board of Trustees' meeting held on 16 September 2014:

    The 20% stock dividend approved by the Board of Trustees of Far Eastern University, Inc. (the "Corporation") at its meeting held on 15 July 2014, ratified and confirmed by the stockholders holding more than 2/3 of the total issued and outstanding capital stock of the Corporation at its annual meeting held on 23 August 2014 shall be payable on 03 October 2014. The fractional shares resulting from the aforementioned stock dividend shall hereby be paid in cash by the Corporation based on the par value.

    Report received on 17 September 2014.

13. Organizational Meeting of the Board of Trustees held on 16 September 2014:

    a. Election of Corporate and University Officials for the fiscal year 2014-2015:

    b. Composition of the Executive Committee;

    c. Composition of the Audit Committee;

    d. Composition of the Corporate Governance Committee;

    e. Composition of the Nomination Committee;

    f. Composition of the Risk Management; and

    g. Composition of the Compensation Committee

    Report received on 17 September 2014.

14. On 03 October 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 1,243 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 07 October 2014.

15. On 09 October 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 1,983 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 10 October 2014.

16. On 10 October 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 1,395 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 13 October 2014.

17. On 15 October 2014: Dr. Miguel M. Carpio, Vice President for Academic Services will avail of his optional retirement effective 30 October 2014.

    Report received on 15 October 2014.

18. On 15 October 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 3,705 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 16 October 2014.

19. On 11 November 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 1,497 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 12 November 2014.

20. On 02 December 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 645 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 04 December 2014.

21. On 17 December 2014, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 584 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 18 December 2014.

22. On 14 January 2015, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 70 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 14 January 2015.

23. Board of Trustees' meeting on 20 January 2015:

    Declaration of ₱12.00 per share cash dividend on record as of 03 February 2015, payable on 17 February 2015.

    Report received on 21 January 2015.

24. On 17 February 2015: The East Asia Computer Center, Inc. a subsidiary of Far Eastern University, Inc. declared and approved at its Special Board Meeting on 17 February 2015 a cash dividend of ₱37.00 per share or a total of ₱50.3 million to all common stockholders payable on 15 March 2015. Of the said total cash dividend ₱50,319,741.00 will be payable to FEU which has 1,359,993 common shares.

    Report received on 20 February 2015.

25. On 10 February 2015, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 2,020 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 11 February 2015.

26. On 13 February 2015, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 795 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 16 February 2015.

27. On 23 February 2015, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 2,783 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

    Report received on 24 February 2015.

28. On 06 March 2015, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 5,000 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

Report received on 09 March 2015.

29. Board of Trustees meeting held on 17 March 2015:

Appropriation from the retained earnings as of 31 March 2015 the amount of Two Billion Thirty Four Million Five Hundred Three Thousand One Hundred Pesos (₱2,034,503,100.00) as follows:

Reserved for Property Acquisition and Investment	₱	1,542,500,000.00
Reserved for Expansion and Improvement of Facilities		330,000,000.00
Reserved for Purchase of Equipment and Furniture		58,270,000.00
Reserved for General Retirement		90,000,000.00
Reserved for Contingencies		10,000,000.00
Reserved for Treasury Shares		3,733,100.00
Total	₱	2,034,503,100.00

Report received on 18 March 2015.

30. Board of Trustees' meeting on 17 March 2015:

Authorization for the Corporation to correct its Amended Articles of the Corporation and Trustees' Certificate to reflect the correct date of the regular meeting of the Board of Trustees when the amendment of the Corporation's address was approved, *i.e.* 19 August 2014.

Authorization for the Law Firm of Quiason Makalintal Barot Torres Ibarra and Sison, to do any and all acts, and to execute and deliver any and all documents as may be necessary to implement the foregoing resolution.

Report received on 18 March 2015.

31. On 20 March 2015, Fern Realty Corporation, a subsidiary of Far Eastern University, Inc. acquired 40 shares of stock of the corporation and lodged the same with the PCD Nominee Corporation (Filipino).

Report received on 20 March 2015.

(c) Quarterly Reports:

Ended 30 June 2014
Received 19 August 2014

Ended 30 September 2014
Received 14 November 2014

Ended 31 December 2014
Received 13 February 2015

Business and General Information

I. Industry Profile

The following are the dominant characteristics of the education industry:

- The business of higher education in the country is in the hands of the private sector.

- There is an uneven distribution of colleges and universities across the regions. This connotes a problem of unequal access to higher education. This is evidenced by the high concentration of state and private colleges and universities in the National Capital Region and Southern Tagalog Regions.

- Statistics show a high mismatch between education and occupation.

- The number of graduates in fields like commerce and business administration continues to increase even if unemployment among these graduates is on the rise.

- Far Eastern University's market is made up of the working class and the middle income group. FEU is situated in Manila, particularly in the area popularly known as the University Belt. It has a new campus in the heart of Makati. To be competitive, the university must continuously improve its products and at the same time maintain reasonable tuition fees.

II. Group of related services which contribute 10% or more to revenues

1. Institute of Arts and Sciences	30%
2. Institute of Accounts, Business and Finance	27%
3. Institute of Tourism and Hotel Management	17%
4. Institute of Architecture and Fine Arts	13%

III. Teaching services are rendered to students who come and enroll.

IV. No patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements are held by the company.

V. All courses offered are with CHED recognition.

VI. Standard set by CHED encourages the University to continuously improve its quality of teaching and its facilities.

Operational and Financial Information

Dividend payments are normally restricted by reserves and appropriations made by the company, and by the amount needed to ensure smooth and unhampered operations during the year.

Control and Compensation Information
No warrants or options are given by the corporation.

SIGNATURES

Pursuant to the requirements of Section I7 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila, on ________________.

By:

AURELIO R. MONTINOLA III
Chair, Board of Trustees and
Chief Executive Officer

GLENN Z. NAGAL
Comptroller

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

ARNUALDO B. MACAPAGAL
Chief Accounting Officer

ANGELINA P. JOSE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 14th day of July 2015, affiants exhibiting to me their Tax Identification Number, as follows:

Name	Tax Identification Number	Place Issued
Aurelio R. Montinola III	135-558-086	Philippines
Angelina P. Jose	127-973-208	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines
Glenn Z. Nagal	130-358-924	Philippines
Arnualdo B. Macapagal	116-077-847	Philippines

NOTARY PUBLIC

ENRICO G. GILERA
Notary Public for Manila
Until December 2015
PTR No. 3826039; 01.06.2015; Manila
IBP No. 0981804; 01.05.2015; PPLM
Roll No. 35145; May 27, 1988
Compliance No. IV 0017359; April 23, 2013
Unit 403 Doña Consuelo Bldg.,
929 Nicanor Reyes St, Manila
Tel. No. 736-4975

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Page No. 61
Book No. XIII
Series of 2015.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

A. Three (3) complete set of the report shall be filed with the Main Office of the Commission.

B. At least one complete copy of the report filed with the Commission shall be **manually** signed.

C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2014 – 2015 (Fiscal Year)**

2. Exact Name of Registrant as Specified in its Charter Far Eastern University

3. **Nicanor Reyes Sr. St. Sampaloc, Manila** — **1008**
   Address of Principal Office — Postal Code

4. SEC Identification Number **PW - 538**

5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **000 - 225 - 442-000**

7. **(02) 735-5621**
   Issuer's Telephone number, including area code

8. ....
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9

Actual number of Directors for the year	9

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
Lourdes R. Montinola	NED	Arnualdo B. Macapagal	-	06/1989	08/2014	Annual	25
Aurelio R. Montinola, III	ED	Arnualdo B. Macapagal	-	06/1989	08/2014	Annual	25
Michael M. Alba	ED	Arnualdo B. Macapagal	-	10/2012	08/2014	Annual	2
Angelina P. Jose	ED	Arnualdo B. Macapagal	-	06/1990	08/2014	Annual	24
Paulino Y. Tan	NED	Arnualdo B. Macapagal	-	06/1991	08/2014	Annual	23
Antonio R. Montinola	NED	Arnualdo B. Macapagal	-	08/2012	08/2014	Annual	2
Sherisa P. Nuesa	ID	Arnualdo B. Macapagal	No Relationship	08/2010	08/2014 [ID: 4 Yrs]	Annual	4
Edilberto C. De Jesus	ID	Arnualdo B. Macapagal	No Relationship	08/2012	08/2014 [ID: 2 Yrs]	Annual	2
Robert F. Kuan	ID	Arnualdo B. Macapagal	No Relationship	09/2004	08/2014 [ID: 10 Yrs]	Annual	10

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

FEU (the University) firmly believes that good corporate governance is necessary to achieve its corporate goals. The Board of Trustees (the Board or BOT) as the governing body of the corporation has adopted a management style of transparency and participative leadership that is open to ideas but employs only sound business practices to achieve its corporate objectives.

[1] Reckoned from the election immediately following January 2, 2012.

BOARD RESPONSIBILITIES

It is the Board's responsibility to foster the long-term success of the University, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and the public it serves, especially as an educational institution.

DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The more transparent the internal works of the organization are, the more difficult it will be for Management and dominant stockholders to mismanage the organization or misappropriate its assets. It is therefore essential that all material information about the University which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earning results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate exchange mechanisms and submissions to the Commission.

STOCKHOLDER'S RIGHTS AND PROTECTION OF MINORITY STOCKHOLDER'S INTERESTS

The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

a) *Right to vote on all matters that requires their consent or approval;*
b) *Pre-emptive right to all stock issuances of the corporation;*
c) *Right to inspect corporate books and records;*
d) *Right to information;*
e) *Right to dividends; and*
f) *Appraisal right.*

The Board shall be transparent and fair in the conduct of the annual and special stockholders' meeting of the corporation and shall encourage stockholders to personally attend such meetings.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board shall give the minority stockholders the right to propose the holding of meetings and the items for discussion that relate directly to the business of the University.

(c) How often does the Board review and approve the vision and mission?

The Board reviews the University's vision and mission statements at least on an annual basis, and approve any changes therein as necessary.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Lourdes R. Montinola	FERN Realty Corporation Far Eastern College – Silang, Inc.	Executive (Chairman) Non-Executive (Chairman)

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Aurelio R. Montinola, III	East Asia Computer Center, Inc. FEU High School, Inc.	Executive (Chairman) Non-Executive (Chairman)
Michael M. Alba	Far Eastern College – Silang, Inc. FEU High School, Inc. FEU – Alabang, Inc.	Executive (President) Executive (President) Non-Executive
Angelina P. Jose	FERN Realty Corporation Far Eastern College – Silang, Inc. FEU – Alabang, Inc.	Non-Executive Executive (Secretary) Non-Executive
Paulino Y. Tan	FERN Realty Corporation Far Eastern College – Silang East Asia Computer Center, Inc. FEU – Alabang, Inc. FEU High School, Inc.	Non-Executive Non-Executive Non-Executive (Chairman) Non-Executive Non-Executive
Antonio R. Montinola	FERN Realty Corporation Far Eastern College – Silang, Inc. Juliana Management Co., Inc.	Executive (President) Executive (Vice Chair) Executive (President)
Sherisa P. Nuesa	FERN Realty Corporation East Asia Computer Center, Inc.	Non-Executive Non-Executive
Robert F. Kuan	Far Eastern College – Silang, Inc.	Independent

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Robert F. Kuan	China Banking Corporation	Independent
Aurelio R. Montinola, III	Bank of the Philippine Islands	Non-Executive
Sherisa P. Nuesa	Manila Water Company	Independent

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Lourdes R. Montinola	Seyrel Investments and Realty Corporation Desrey, Inc.	President President
Aurelio R. Montinola, III	Seyrel Investments and Realty Corporation Desrey, Inc.	Chairman Chairman

Director's Name	Name of the Significant Shareholder	Description of the relationship
Antonio R. Montinola	Seyrel Investments and Realty Corporation Desrey, Inc.	1st Vice President 1st Vice President

The Chairperson, Dr. Lourdes R. Montinola, is the mother of Mr. Aurelio R. Montinola, III and Mr. Antonio R. Montinola, all of whom are member of the Board of Trustees. Likewise, Dr. Montinola is the mother of Atty. Gianna R. Montinola, Vice President for Corporate Affairs, and Mr. Juan Miguel R. Montinola, Chief Finance Officer.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

No limit has been set for the number of board seats in other companies for an individual Trustee or CEO; however, qualitative factors are assessed and taken into consideration in allowing whether a Trustee or the CEO may hold board seat in other company. The limit of five (5) board seats in other publicly-listed companies is not imposed; however, certain guidelines are imposed in order to ensure that individual Trustee and the CEO, who hold board seats in other companies, diligently and efficiently perform their duties and responsibilities with the University.

Applying the University's guidelines, none of the Trustees and the CEO holds more than five (5) board seats in other companies.

<table>
<tr><th></th><th>Guidelines</th><th>Maximum Number of Directorships in other companies</th></tr>
<tr><td>Executive Director</td><td rowspan="3">The Board has adopted a qualitative guideline on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number takes into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The Chief Executive Officer ("CEO") and other executive trustees may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive Trustees who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the trustees to diligently and efficiently perform their duties and responsibilities to the board they serve should not be compromised.</td><td>Not applicable</td></tr>
<tr><td>Non-Executive Director</td><td>Not applicable</td></tr>
<tr><td>CEO</td><td>Not applicable</td></tr>
</table>

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Lourdes R. Montinola	7,962	6,121,336 / Through Seyrel Investment & Realty Corporation, Desrey, Inc. and ZARE, Inc.	37.19906%
Aurelio R. Montinola, III	313,812	45,727 / Through DERRC, Inc.	2.18206%
Michael M. Alba	1		0.00001%
Angelina P. Jose	531,873		3.22797%
Paulino Y. Tan	1		0.00001%
Antonio R. Montinola	72,412		0.43947%
Sherisa P. Nuesa	81	1,440 / Through PCD Nominee Corporation (Filipino)	0.00923%
Robert F. Kuan	1		0.00001%
Edilberto C. de Jesus	227		0.00138%
TOTAL	**926,370**	**6,168,503**	**43.0592%**

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [ ] No [X]

Under the University's **Amended Revised Manual on Corporate Governance**, the membership of the Board may be a combination of Executive and Non-Executive Trustees (which include Independent Trustees) in order that no Trustee or small group of Trustees can dominate the decision-making process[3].

In line with the foregoing provision, the President, who also serves as the Chief Operating Officer (COO), is also a member of the Board of Trustees. With this measure, checks and balances are ensured as there are two different and distinct executive officers, who are independent of each other, that participate in the functions of the Board of Trustees.

Identify the Chair and CEO:

Chairman of the Board	Aurelio R. Montinola, III
Chief Executive Officer	Aurelio R. Montinola, III
President/Chief Operating Officer	Michael M. Alba

[3] See Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE; *(A) Composition of the Board*

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer	President/COO
Role	The head of the Board of Trustees	Chief Executive Officer	Chief Operating Officer
Accountabilities	• Preside at all meetings of the stockholders and trustees; • Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary; • Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, COO, Management and the trustees; and • Maintain qualitative and timely lines of communication and information between the Board and Management	• See to it that all resolutions of the Board are duly carried out • Exercise general supervision over the corporate affairs of the University • Direct and administer the financial and administrative affair of the University	Direct and administer the academic affairs of the University
Deliverables	Attainment of corporate goals set	Execute and implement company policies set by the Board	Ensure effective and efficient operations in line with the corporate goals and objectives of the University

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

As set forth in the University's **Amended Revised Manual on Corporate Governance**, the Board's Nomination Committee reviews and evaluates the qualifications of all persons nominated by the Board and of other appointments that require Board approval[4].

Prospective candidates for key management positions undergo relevant trainings including executive-level seminars, practical applications through close supervision and participative leadership in preparation for their assumption of their respective duties responsibilities in the University.

Based on circumstances or as the need arises, candidates for the position of the President and other key management officers may also be sourced from outside the organization.

[4] See Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, *(J) Board Committees (b.)*

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. As embodied in the University's **Amended Revised Manual on Corporate Governance**[5], the following additional qualifications are required other than the qualifications provided under the Corporation Code, Securities Regulation Code and other relevant laws:

1. College education or equivalent academic degree;
2. Practical understanding of the business of the corporation;
3. Membership in good standing in relevant industry, business or professional organizations; and
4. Previous business experience

Item nos. 1, 3 and 4 above promotes diversity or different trainings and experiences of the members of the Board involving educational or academic training, professional and business affiliations and work experience.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. The University ensures that at least one Non-Executive Trustees has an experience in the education sector or industry. For the current year, the University has as its trustees Robert F. Kuan and Paulino Y. Tan who was currently a member of the Board and a President, respectively, of other educational institutions. Further, Edilberto C. De Jesus was also a former President of the University and a former Secretary of the country's Department of Education.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	1) Sets corporate goals, both short-term and long-term;	1) Sets corporate goals, both short term and long term;	1) Sets corporate goals, both short term and long term;
Accountabilities	2) Formulates policies for the attainment of corporate set goals;	2) Formulates policies for the attainment of corporate set goals	2) Formulates policies for the attainment of corporate set goals;
Deliverables	3) Executes and implements policies and procedures for the attainment of corporate goals		3) Protects the interest of minority stockholders

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence – a state of being free from any business relationship which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out responsibilities.

[5] See Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE*, (D) Qualification of Trustees*

To this effect, all Independent Trustees are barred from entering into any transaction with the University or its affiliates that could impair their independence. Further, one of the specific duties and responsibilities of a Trustee which is expressly stated in the University's Amended Revised Manual on Corporate Governance is that a Trustee should conduct fair business transactions with the corporation (the University), and ensure that his/her personal interest does not conflict with the interests of the corporation (the University). Moreover, a Trustee who has a continuing material conflict of interest should seriously consider resigning from his/her position in the Board[6].

Does the company have a term limit of five consecutive years for independent directors?

Effective January 2, 2012, the University adheres to the five (5) consecutive years term limit for its Independent Trustees in accordance with SEC Memorandum Circular No. 9 Series of 2011.

If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

As stated in the immediately preceding item, the University observes the requirement of SEC Memorandum Circular No. 9 Series of 2011. Accordingly, an Independent Trustee may be re-elected and serve for another five (5) consecutive years in the University's Board after the two-year "cooling off" period.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
None	Not applicable	Not applicable	Not applicable

[6] See Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE*, (G) Specific Duties and Responsibilities of a Trustee*

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	**A.** The Nomination Committee with four (4) members, one of whom is an Independent Trustee, shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the University's information or proxy statement or such other reports required to be submitted to the Commission. **B.** Nomination of Independent Trustees shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. **C.** The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for Independent Trustee/s. **D.** After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent trustees, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list shall be made available to the Commission (SEC) and to all stockholders through the filing and distribution of the Information Statement in accordance with SRC Rule 20, or in such other reports the University is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the Independent Trustee shall be identified in such report including any relationship with the nominee. **E.** Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Trustee/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' / memberships' meeting. **F.** Actual Election of Independent Trustee/s	In addition to the qualifications for membership in Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications which include, among others, the following: • College education or equivalent academic degree; • Practical understanding of the business of the corporation; • Membership in good standing in relevant industry, business or professional organizations; and • Previous business experience

Procedure	Process Adopted	Criteria
b. Re-appointment		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Same as the Selection/Appointment process	Same as the Selection/Appointment criteria
c. Permanent Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Any of the Trustees shall be subject to permanent disqualification by order of the Chairman of the Board in writing, subject to the subsequent action of the Board of Trustees.	**A.** Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; **B.** Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

Procedure	Process Adopted	Criteria
		C. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; **D.** Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporate Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order; **E.** Any person earlier elected as Independent Trustee who becomes an Officer, employee or consultant of the same corporation (the University); **F.** Any person judicially declared as insolvent; **G.** Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (e) above; **H.** Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.
d. Temporary Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Any of the Trustees shall be subject to temporary disqualification by order of the Chairman of the Board in writing, subject to the subsequent action of the Board of Trustees.	**A.** Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists. **B.** Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of succeeding election. **C.** Dismissal or termination for cause as Director/Trustee of any corporation. The disqualification shall be in effect until he has cleared himself from any involvement in the

Procedure	Process Adopted	Criteria
		cause that gave rise to his dismissal or termination. **D.** If the beneficial equity ownership of an Independent Trustee in the University or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. **E.** If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
e. Removal		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Any of the Trustees shall be subject to removal by order of the Chairman of the Board in writing, subject to the subsequent action of the Board of Trustees.	All the Trustees shall be subject to removal by resolution of the Board at any time, with or without cause, provided a majority of the Board shall vote in favor thereof.
f. Re-instatement		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Same as Selection/Appointment and Re-appointment process	Same as Selection/Appointment and Re-appointment criteria
g. Suspension		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Any of the Trustees shall be subject to preemptory suspension by a written order of the Chairman of the Board, subject to the subsequent action of the Board of Trustees.	Any of the Trustees of the University shall be subject to suspension by a valid written resolution of the Board, at any time, with or without cause, provided a majority of the Board shall vote in favor thereof.

Voting Result of the last Annual General Meeting

Name of Trustee	Votes Received
Lourdes R. Montinola	1,475,849
Aurelio R. Montinola, III	1,475,849
Michael M. Alba	1,475,849

Name of Trustee	Votes Received
Angelina P. Jose	1,475,849
Paulino Y. Tan	1,475,849
Antonio R. Montinola	1,475,849
Sherisa P. Nuesa	1,475,849
Edilberto C. de Jesus	1,475,848
Robert F. Kuan	1,475,848

6) **Orientation and Education Program**

(a) **Disclose details of the company's orientation program for new directors, if any.**

Newly elected Trustees are required to attend a seminar on Corporate Governance which is to be conducted by an accredited provider/organization. Most of the seminars and trainings attended by the University's Trustees are conducted by the Institute of Corporate Directors (ICD).

(b) **State any in-house training and external courses attended by Directors and Senior Management[7] for the past three (3) years:**

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Aurelio R. Montinola, III	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors
Michael M. Alba	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
	November 16, 2012	Corporate Governance and Anti-Money Laundering Act Seminar	Philippine Securities Consultancy Corporation
Angelina P. Jose	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
	March 26, 2013	ASEAN CG Scorecard Information Briefing	Institute of Corporate Directors
Paulino Y. Tan	November 21, 2014	Seminar on Corporate Governance	SGV and Co.
Sherisa P. Nuesa	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors
	September 11, 2012	ASEAN Corporate Governance Launch	Institute of Corporate Directors
Edilberto C. De Jesus	January 26, 2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Roberto F. Kuan	January 8, 2014	Exclusive Corporate Governance Workshop	Institute of Corporate Directors

[7] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Ms. Melinda G. Macaraig	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Mr. Miguel M. Carpio[8]	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Atty. Gianna R. Montinola	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
	February 27 and 28, 2012	Integrated Marketing and Communications for Higher Education Providers Workshop	Pacific Conference Pte. Ltd., Singapore
Mr. Juan Miguel R. Montinola	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Ms. Maria Teresa Trinidad P. Tinio	May 19, 2014	Corporate Governance Seminar	Philippine Securities Consultancy Corporation
Ms. Rosanna E. Salcedo[9]	October 28, 2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Mr. Glenn Z. Nagal	November 20, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Mr. Robert W. Caracas	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Dr. Lourdes R. Montinola	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Mr. Aurelio R. Montinola, III	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors
Mr. Antonio R. Montinola	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Dr. Michael M. Alba	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Ms. Angelina P. Jose	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Dr. Paulino Y. Tan	November 21, 2014	Seminar on Corporate Governance	SGV and Co.

[8] Dr. Miguel M. Carpio, Vice President for Academic Services, has availed of an optional retirement effective October 30, 2014.
[9] Ms. Rosanna E. Salcedo has been appointed as Treasurer effective September 15, 2014.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Sherisa P. Nuesa	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors
Edilberto C. De Jesus	January 26, 2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Robert F. Kuan	January 8, 2014	Exclusive Corporate Governance Workshop	Institute of Corporate Directors

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	If an actual or potential conflict of interest may arise, a Trustee should fully and immediately disclose it and should not participate in the decision-making process. A Trustee who has a continuing material conflict of interest with the University should seriously consider resigning from his post. A conflict of interest shall be considered material if the Trustee's personal or business interest is antagonistic to that of the University or stands to gain financial advantage at the expense of the University.	If an actual or potential conflict of interest may arise, a Senior Manager should fully and immediately disclose it and should not participate in the decision-making process. A Senior Manager who has a continuing material conflict of interest with the University should seriously consider resigning from his post. A conflict of interest shall be considered material if the Senior Manager's personal or business interest is antagonistic to that of the University or stands to gain financial advantage at the expense of the University.	If an actual or potential conflict of interest may arise, an employee should fully and immediately disclose it and should not participate in the decision-making process. An employee who has a continuing material conflict of interest with the University should seriously consider resigning from his post. A conflict of interest shall be considered material if the employee's personal or business interest is antagonistic to that of the University or stands to gain financial advantage at the expense of the University.
(b) Conduct of Business and Fair Dealings	The basic principle to observe is that a Trustee should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He should avoid situations that may compromise his impartiality.	The basic principle to observe is that a Senior Manager should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He should avoid situations that may compromise his impartiality.	The basic principle to observe is that an employee should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He should avoid situations that may compromise his impartiality.
(c) Receipt of gifts from third parties	Receipt of gifts from third parties especially with business dealings with the University is strictly prohibited as it may compromise a Trustee's impartiality.	Receipt of gifts from third parties especially with business dealings with the University is strictly prohibited as it may compromise a Senior Manager's impartiality.	Receipt of gifts from third parties especially with business dealings with the University is strictly prohibited as it may compromise an employee's impartiality.

Business Conduct & Ethics	Directors	Senior Management	Employees
(d) Compliance with Laws and Regulations	As a listed corporation, the University as well as its Trustees and Officers are strictly enjoined to faithfully comply with all applicable laws, rules and regulations.	As a listed corporation, the University, as well as its Senior Managers, is strictly enjoined to faithfully comply with all applicable laws, rules and regulations.	As a listed corporation, the University, as well as its employees, is strictly enjoined to faithfully comply with all applicable laws, rules and regulations.
(e) Respect for Trade Secrets/Use of Non-public Information	A Trustee should keep secure and confidential all non-public information he may acquire as a Trustee. He should not reveal confidential information to unauthorized persons without the authority / permission of the Board.	A Senior Manager should keep secure and confidential all non-public information he may acquire as a Senior Manager. He should not reveal confidential information to unauthorized persons without the authority / permission of the Board.	An employee should keep secure and confidential all non-public information he may acquire as an employee. He should not reveal confidential information to unauthorized persons without the authority / permission of the Board.
(f) Use of Company Funds, Assets and Information	Corporate funds and assets should be used effectively and exclusively for business related activities only. Corporate information shall, likewise, be used for the exclusive benefit of the University.	Corporate funds and assets should be used effectively and exclusively for business related activities only. Corporate information shall, likewise, be used for the exclusive benefit of the University.	Only employees duly authorized, directly or by delegation, shall have custody of funds or property belonging or entrusted to the University. Employees are required to exercise due diligence and care in handling thereof. Publication, circulation, or divulging of matters classified by the University as confidential is considered inimical to the interest of the University.
(g) Employment & Labor Laws and Policies	The University and its Trustees and Officers are strictly enjoined to comply with all applicable laws, rules and regulations including employment and labor laws and policies.	The University and its Senior Managers are strictly enjoined to comply with all applicable laws, rules and regulations including employment and labor laws and policies.	The University has a Personnel Manual that specifies the policies and procedures from personnel hiring up to termination of employment and personnel discipline, following employment and labor laws and policies.
(h) Disciplinary action	While positive approach is still the best approach, it is nevertheless, necessary to impose disciplinary actions as deterrent to fraud and other misdeeds.	The FEU Code of Conduct sets the norm of conduct to be observed by all FEU employees (which also covers Senior Managers) while within the University premises or while engaged in the discharge and performance of their official functions. The Code of Conduct also provides a guide to the University in imposing corrective actions to employees found guilty of offenses with which an employee is charged.	The FEU Code of Conduct sets the norm of conduct to be observed by all FEU employees while within the University premises or while engaged in the discharge and performance of their official functions. The Code of Conduct also provides a guide to the University in imposing corrective actions to employees found guilty of offenses with which an employee is charged.

Business Conduct & Ethics	Directors	Senior Management	Employees
(i) Whistle Blower	The University encourages responsible whistle blowers and gives them adequate protection. On the other hand, irresponsible and indiscriminate accusations are netted the corresponding sanctions.	The University encourages responsible whistle blowers and gives them adequate protection. On the other hand, irresponsible and indiscriminate accusations are netted the corresponding sanctions.	The University encourages responsible whistle blowers and gives them adequate protection. On the other hand, irresponsible and indiscriminate accusations are netted the corresponding sanctions.
(j) Conflict Resolution	Conflicts and issues are resolved through conciliation meetings	The University resolves conflicts/issues through: - Conduct of Audit - Ad Hoc Committees for administrative cases - Committee on Sexual Harassment and Decorum - Conciliation Meetings with Human Resources Department (HRD) - Department Meetings	The University resolves conflicts / issues through: - Labor Management Committee Meetings - Grievance Committee and Procedure - Conduct of Audit - Ad Hoc Committees for administrative cases - Committee on Sexual Harassment and Decorum - Conciliation Meetings with the Human Resources Department (HRD) - Department Meetings

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes. The University's **Code of Business Conduct and Ethics**[10] is made available, at any time, to all Trustees, the Senior Management and employees through the University's website.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The **Code of Conduct** includes policies and guidelines that reinforce our values and set forth our steadfast expectations regarding the norm of conduct to be observed by all FEU employees. The said code aims to provide a safe, secure and healthy work environment, create harmonious and productive work relationships, and nurture our individual growth not only as FEU employees but more importantly as responsible members of our community.

[10] Refer to the Code of Business Conduct and Ethics is posted at the FEU website.

The Code of Conduct is implemented as follows:

1. Each employee and faculty acknowledges receipt of the Code of Conduct.
2. Employees and faculty are briefed on the contents of the Code of Conduct.
3. The Department Head/Dean submits to HRD/Academic Affairs Office an incident report based on any alleged offense or violation of an employee/faculty.
4. Based on the incident report, the HRD/Academic Affairs Office issues to the involved employee/faculty a notice to explain, indicating the offense and corrective action.
5. An Ad hoc Committee is created, depending on the initial explanations and evidences gathered, to conduct further investigation and recommend appropriate corrective action.
6. The Ad Hoc Committee recommends to the University President the corrective action for an offense in accordance with the Code of Conduct.
7. The President endorses the recommendation of the Ad Hoc Committee to the Legal Counsel for review.
8. The HRD/Academic Affairs Office issues a notice of the decision and corresponding corrective action to the involved employee/faculty, copy furnished the Employees' Union, as applicable.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

<table>
<tr><th>Related Party Transactions</th><th>Policies and Procedures</th></tr>
<tr><td>(1) Parent Company</td><td rowspan="8">As a rule, related party transactions are being discouraged. To start with, applicants for employment cannot be hired if they are related to any employee up to the 4th degree of relation. Employees are also not allowed to supply the needs of the University or any of its concessionaires. Dealings falling under the category of related party transactions should be approved by the Board of Trustees and such should, at least be:
• Above board
• Transparent
• Arm's length
• Non-bias
• Without special favor
• Not disadvantageous to the University

In other words, such transactions, if any, should be carried out in normal commercial terms and must be to the best interest of the University as a whole.</td></tr>
<tr><td>(2) Joint Ventures</td></tr>
<tr><td>(3) Subsidiaries</td></tr>
<tr><td>(4) Entities Under Common Control</td></tr>
<tr><td>(5) Substantial Stockholders</td></tr>
<tr><td>(6) Officers including spouse/children/siblings/parents</td></tr>
<tr><td>(7) Directors including spouse/children/siblings/parents</td></tr>
<tr><td>(8) Interlocking director relationship of Board of Trustees</td></tr>
</table>

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	Not applicable
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Conflict of interest normally happens when a person has vested interest in both parties entering into transactions. Therefore, to resolve possible conflict of interest, all transactions between the University and/or its group and their directors, officers and significant shareholders shall pass through the Board of Trustees whose standing policy is to allow such transactions only if they are above board, transparent, arm's length, non-bias, without special favor and not disadvantageous to the University as a whole. Interested parties are also not allowed to participate in deliberating and deciding on said transactions.
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[11] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Seyrel Investments and Realty Corporation	Family Corporation / Officers	• Mr. Aurelio R. Montinola, III is the Chairman • Dr. Lourdes R. Montinola is the President • Mr. Antonio R. Montinola is the First Vice President
Desrey, Inc.	Family Corporation / Officers	• Mr. Aurelio R. Montinola, III is the Chairman • Dr. Lourdes R. Montinola is the President • Mr. Antonio R. Montinola is the First Vice President

[11] Family relationship up to the fourth civil degree either by consanguinity or affinity.

(b) **Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:**

Names of Related Significant Shareholders	Type of Relationship	Brief Description
	None	

(c) **Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:**

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
	None	

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	Conciliation meetings
Corporation & Third Parties	
Corporation & Regulatory Authorities	
Corporation & Employees/Faculty	

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Yes; meetings of the Board of Trustees are scheduled at the beginning of the year. The Board of Trustees holds one regular meeting every month[12] which is scheduled on the 3rd Tuesday of the every month.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chair Emeritus	Lourdes R. Montinola	08/2014	12	11	92%
Chair	Aurelio R. Montinola III	08/2014	12	12	100%
President	Michael M. Alba	08/2014	12	12	100%

[12] See Amended By-Laws, *Section XXII* – BOARD MEETING

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Corporate Secretary	Angelina P. Jose	08/2014	12	12	100%
Trustee	Paulino Y. Tan	08/2014	12	12	100%
Independent	Sherisa P. Nuesa	08/2014	12	9	75%
Independent	Robert F. Kuan	08/2014	12	11	92%
Independent	Edilberto C. de Jesus	08/2014	12	11	92%
Trustee	Antonio R. Montinola	08/2014	12	11	92%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

Yes. At least once a year.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

No. As set forth in the University's **Amended By-Laws**, a majority of the Trustees shall be necessary at all meetings to constitute a quorum for the transaction of any business[13].

5) Access to Information

(a) How many days in advance are board papers[14] for board of directors meetings provided to the board?

As a matter of policy, board papers are required to be submitted to the Board two (2) days prior to scheduled regular board meetings.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes. As provided for under the University's **Amended Revised Manual on Corporate Governance**, "Reliance on information volunteered by the Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him/her to properly perform his duties and responsibilities. Hence, the members of the Board should be given independent access to Management and the Corporate Secretary[15]".

(c) State the policy of the role of the company secretary.

The Corporate Secretary shall perform all the duties generally devolving upon his/her position such as affixing his/her signature on all stock certificates of the University and such other duties as may be assigned to him/her by the Board of Trustees[16].

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[13] See Amended By-Laws, *Section XXI* – BOARD QUORUM

[14] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

[15] See Amended Revised Manual on Corporate Governance, Item No. 5 ADEQUATE AND TIMELY INFORMATION

[16] See Amended By-Laws, *Section XVI* – SECRETARY

Further, primary duties of the Corporate Secretary include the safekeeping and preservation of the integrity of the minutes of meetings of the Board and its Committees and other official records. The Corporate Secretary is also tasked to inform the members of the Board of the agenda for regular and special board meetings and ensures that the Board is provided with accurate information and documents (board papers) prior to such meetings.

Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Yes. The duties of the University's Corporate Secretary includes coordination and providing of assistance to the Office of the Chairman in preparing the agenda for board meetings, facilitating the training of Trustees and keeping the Trustees updated regarding any relevant statutory and regulatory changes and developments.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices?

No. The University's Corporate Secretary is trained only in accountancy and corporate secretarial practices.

Please explain should the answer be in the negative.

Corporate legal matters are handled by the University's in-house legal counsel and an external legal adviser.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [X] No [ ]

Committee	Details of the procedures
Executive	Information for committee meetings may be obtained from concerned Offices and/or Departments participating in the meeting. Communications may be coursed through formal written communication (memo) or formal email
Audit	
Nomination	
Remuneration	
Corporate Governance	
Risk Management	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

As embodied in the University's Amended ***Revised Manual on Corporate Governance***, the members of the Board of Trustees, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the University's expense[17].

Procedures	Details
Consultation with External Auditors	Trustees receive advice from the University's external auditors through discussion of matters relating to financial reporting, accounting and tax compliance

[17] Amended Revised Manual on Corporate Governance, Item No. 5 ADEQUATE AND TIMELY INFORMATION

Procedures	Details
Consultation with Internal Legal Counsel	Trustees receive advice from the University's In-House Legal Counsel pertaining to on-going and possible exposures to labor-related cases and litigations
Consultation with External Legal Counsel	Trustees receive advice on other legal matters, including but not limited to compliance with regulatory agencies, tax assessments and other corporate legal issues which may significantly affect the University

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
	None	Not applicable

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	• Entry rates are based on industry rates and applicant's qualifications • Subsequent increases are based on yearly performance evaluation and the degree/scope of one's responsibility	
(2) Variable remuneration	None	
(3) Per diem allowance	Per diem, if any, shall be approved by the Executive Committee and ratified by the Board of Trustees	
(4) Bonus	Standard bonuses similar to those given to employees	
(5) Stock Options and other financial instruments	None	
(6) Others	Standard benefits similar to those given to employees	

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	1) As executive officers – remuneration and benefits are similar to those given to employees	1) • Fixed monthly salary • Christmas Bonus (CB) / Easter Bonus (EB) / Personnel Leave Cash Conversion (PLCC) • Medical, retirement and other benefits	1) • Fixed rate less absences • Length of service • Fixed except retirement which is based on basic salary
	2) As director – allowance given to Trustees	2) Gas allowance during Board of Trustees' meetings	2) Attendance-based
	3) As director – bonus given to the Trustees	3) Year-end directors bonus	3) Term-based
Non-Executive Directors	No remuneration and benefits except for allowance and bonus given to Trustees	1) Gasoline allowance for attending Board of Trustees' meetings	1) Attendance-based
		2) Transportation/ representation allowance for attending Executive Committee meetings	2) Attendance-based
		3) Year-end Director's bonus	3) Term-based

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors?

Yes. Stockholders have the opportunity to approve the total remuneration in the case of the Trustees' annual bonus. Further, as provided for in the University's **Amended Revised Manual on Corporate Governance**, the University's annual reports, information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its Trustees and top four (4) management officers during the preceding fiscal year[18]. The matters included in the annual reports are approved, ratified and confirmed by the stockholders during the annual stockholders' meeting.

Provide details for the last three (3) years.

No changes in Trustees' annual bonus for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Not applicable	Not applicable

[18] Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, *(I) Remuneration of Trustees and Officers*

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item		Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed remuneration	As Executive As Director	₱9,813,032 -0-	None	None
(b) Variable remuneration		None	None	None
(c) Per diem allowance		None	None	None
(d) Bonuses/13th month	As Executive As Director	₱1,204,459 ₱4,500,000	-0- ₱4,500,000	-0- ₱4,500,000
(e) Stock Options and/or other financial instruments		None	None	None
(f) Transportation/representation as member of the Executive Committee		None	₱311,999	None
(g) Personnel Leave Cash Conversion	As Executive As Director	₱757,049 -0-	None	None
Total		₱16,274,540	₱4,811,999	₱4,500,000

Other Benefits		Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances		None	None	None
2) Credit granted		None	None	None
3) Pension Plan/s Contributions	As Executive As Director	₱1,962,606 -0-	None	None
(d) Pension Plans, Obligations incurred		None	None	None
(e) Life Insurance Premium		None	None	None
(f) Hospitalization Plan	As Executive As Director	₱180,000 -0-	None	None
(g) Car Plan	As Executive As Director	₱343,200 -0-	None	None
(h) Gasoline allowance for members of the Board of Trustees	As Director	₱72,000	₱72,000	₱72,000
Total		₱2,557,806	₱72,000	₱72,000

4) **Stock Rights, Options and Warrants**

(a) **Board of Directors**

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
	Not applicable			

(b) **Amendments of Incentive Programs**

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
	Not applicable	

5) **Remuneration of Management**

Identify the five (5) members of management who are <u>not</u> at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Juan Miguel R. Montinola / Chief Financial Officer	Salary - ₱ 15,265,589 Bonuses (CB / EB / Special Year-end) - 3,312,530 PLCC - ₱ 18,578,119
Maria Teresa Trinidad P. Tinio / Senior Vice President for Academic Affairs	
Rosanna E. Salcedo / Treasurer	
Rudy M. Gaspillo / Vice President for Facilities and Technical Services	
Glenn Z. Nagal / Comptroller and Chief Compliance Officer	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Executive[19]	3	1	--		General policy formulation	To steer the University towards the attainment of set goals	To approve and endorse for ratification of the Board all major University policies and major business transactions requiring Board's approval
Audit	--	1	3	Yes	• Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; • Perform oversight functions over the University's internal and external auditors. It ensures that the internal and external audit function works with the required level of independence, and that both are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; • Review the annual internal audit plan to ensure its conformity with the objectives of the University. The plan should include the audit scope, resources and budget necessary to implement it; • Prior to the commencement of the audit, discuss with the external auditor the nature, scope, deliverables and other	Oversight of the University's financial reporting process, implementation of internal controls, internal and external audit process, and the University's process for monitoring and compliance with laws and regulations and the Code of Business Conduct and Ethics	• To appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization; • Resolve any disagreements between management and the external auditors regarding financial reporting matters; • Pre-approve all auditing and non-audit services; • Retain independent counsel, accountants, or others outside professionals to provide advice and assistance to the Committee in the conduct of an investigation; • Seek any information it requires from employees (all of whom are directed to cooperate with the Committee's requests) and/or external parties; • Discuss relevant matters with University officers, external auditors, or outside counsel, as necessary; • Appointment and removal of Internal Auditors

[19] Mr. Juan Miguel R. Montinola, Chief Financial Officer, is a non-voting member of the Executive Committee; Mr. Montinola is not a member of the University's Board of Trustees.

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
					related matters, and ensure proper coordination (if more than one external auditors are involved) in the activity to secure proper coverage and minimize duplication of efforts; • Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; • Monitor and evaluate the adequacy and effectiveness of the University's internal control system, including financial reporting control and information technology security; • Review the reports submitted by the internal and external auditors; • Review the quarterly and annual financial statements before their submission to the Board, with particular focus on the following matters: - Any change/s in accounting policies and practices - Major judgmental areas - Significant adjustments resulting from the audit - Going concern assumptions - Compliance with financial reporting standards - Compliance with tax, legal and regulatory requirements • Coordinate, monitor and facilitate compliance with laws, rules and regulations; • Evaluate and determine the non-audit work, if any, of external auditors, and review periodically the non-audit fees paid to the external auditors in relation to their		

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
					significance to the total annual income and/or to the University's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with the duties of an external auditor or may pose a threat to the external auditors' independence. The non-audit work, if allowed, should be disclosed in the University's annual report; • Establish and identify the reporting line of the Internal Audit function to enable proper fulfillment of duties and responsibilities. The Internal Audit shall functionally report directly to the Committee. The Committee shall ensure that the Internal Auditors' work is free from interference by outside parties.		
Nomination[20]	--	2	1		To review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval	To assess the effectiveness of the Board's processes and procedures in the election or replacement of Trustees	• To nominate qualified candidates • To screen candidates and issue final list of nominees for appointment as Trustees
Remuneration/ Compensation[21]	1	--	1		To establish a formal and transparent procedure for developing a policy on remuneration of Trustees and Officers	To ensure that Trustees' and Officers' compensation are consistent with the University's culture, strategy and the business environment in which it operates	To set reasonable and competitive compensation for all employees
Corporate Governance[22]	--	--	2	Yes	To formulate policies to enhance an environment of good governance within the organization	To institutionalized the principles of good corporate governance in all levels of the business organization	To enforce compliance with good corporate governance practices

[20] Mr. Juan Miguel R. Montinola, Chief Financial Officer, is a non-voting member of the Nomination Committee; Mr. Montinola is not a member of the University's Board of Trustees.

[21] Mr. Juan Miguel R. Montinola, Chief Financial Officer, is a non-voting member of the Remuneration/Compensation Committee; Mr. Montinola is not a member of the University's Board of Trustees.

[22] Mr. Juan Miguel R. Montinola, Chief Financial Officer, and Atty. Gianna R. Montinola, Vice President for Corporate Affairs, are non-voting members of the Corporate Governance Committee; both officers are not members of the University's Board of Trustees.

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Risk Management [23]	1	--	2		To identify, evaluate and address all possible risks areas that could befall the University	To assess and evaluate the significance of the any risk, the likelihood of occurrence and possible effects to University	To adopt measures to eliminate adverse effects of possible risks

2) Committee Members[24]

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Aurelio R. Montinola, III	September 2014	9	8	89%	25 yrs. 9 mos.
Member	Michael M. Alba	September 2014	9	9	100%	2 yrs. 5 mos.
Member	Angelina P. Jose	September 2014	9	9	100%	16 yrs. 9 mos.
Member	Paulino Y. Tan	September 2014	9	7	78%	6 yrs. 6 mos.
Member	Juan Miguel R. Montinola	September 2014	9	9	100%	5 yrs. 6 mos.

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Sherisa P. Nuesa	September 2014	5	5	100%	4 yrs. 7 mos.
Member (ID)	Edilberto C. de Jesus	September 2014	5	5	100%	2 yrs. 7 mos.
Member (ID)	Robert F. Kuan	September 2014	5	4	80%	10 yrs. 6 mos.
Member	Paulino Y. Tan	September 2014	5	5	100%	10 yrs. 6 mos.

Disclose the profile or qualifications of the Audit Committee members.

Sherisa P. Nuesa

Ms. Nuesa is the President and a member of the Board Directors of ALFM Mutual Funds Group. She is an Independent Director of the following: East Asia Educational Foundation, Manila Water Company, FERN Realty Corporation and ING Foundation, Inc. (Philippines). She is also serves as an Independent Trustee of East Asia Computer Center, Inc., an Independent Governor of the FEU Health, Welfare and Retirement Fund Plan and Director of the Institute of Corporate Directors (ICD) and Psi Technologies, Inc. Ms. Nuesa is also a Consultant of Vicsal Development Corporation and a Board Member and Executive Vice-President of the Financial Executives Institute of the Philippines (FINEX).

[23] Mr. Juan Miguel R. Montinola, Chief Financial Officer, is a non-voting member of the Risk Management Committee; Mr. Montinola is not a member of the University's Board of Trustees.

[24] Date of Appointment pertains to the most recent date of appoint of the members of the Committees; Length of Service in the Committee is reckoned from the Trustees' first appointment as members of the respective Committee until March 2015.

She graduated with the degree of Bachelor of Science in Commerce (*Summa Cum Laude*) at Far Eastern University in 1974 and received her Master in Business Administration degree from Ateneo – Regis Graduate School of Business in 2010. She completed an Advanced Management Program from the Harvard Business School in 1999 and a Finance Management Program at Stanford University in 1991. She received the ING – FINEX CFO of the Year award in 2008.

Edilberto C. de Jesus

Dr. de Jesus is a member of the Asia Society's International Council and of the Advisory Committee of the Asia-Europe Education Hub since its establishment in 2006 by the Asia Europe Foundation under the framework of the ASEM (Asia Europe Ministerial Meeting). He assumed the presidency of the Asian Institute of Management (AIM) in July 2009. He was the President of the private and not-for-profit University of the Cordilleras. He served as the President of SEAMEO (Southeast Asia Ministers of Education Organization) in 2003 and accepted a term as Secretariat Director of SEAMEO from 2005 until 2007.

He was the President of the Far Eastern University (FEU) from July 1995 to September 2002, or until his appointment as the Secretary of the Department of Education by then President of the Republic of the Philippines Gloria Macapagal-Arroyo. During his term as the President of FEU, he served on the boards of the Coordinating Council of Private Educational Associations and the Private Association of Colleges and Universities, which elected him President in 2002.

Dr. de Jesus obtained his Ph.D. degree in Modern Southeast Asian History from Yale University. He had also taken post-graduate courses in East Asian History at the University of Kansas and courses in comparative literature at the Ateneo de Manila University (ADMU). He completed his basic education and earned his B.A. Honors degree in Humanities (*Cum Laude*) also in ADMU.

Robert F. Kuan

Mr. Kuan held the following directorial positions: Trustee, St. Luke's Medical Center, Quezon City (Chairman, 1996 – 2011); Trustee, St. Luke's Medical Center, Global City, Inc. (Chairman, 2009 – 2011); Trustee, St. Luke's College of Medicine–William H. Quasha Memorial; Trustee, Brent International School of Manila; Chairman, Brent International School Baguio, Inc.; Trustee, Brent International School Subic, Inc.; Chairman, Brent International School, Inc.; Chairman, St. Theodore of Tarsus Hospital in Sagada, Inc.; Director, China Banking Corporation; Founder/President, Chowking Food Corporation (1985 – 2000); Independent Director, Far Eastern College – Silang, Inc.; and Director, SEAOIL Philippines, Inc.

Mr. Kuan graduated from the University of the Philippines (UP) with a degree of Bachelor of Science in Business Administration in 1970. In 1975, he earned his Masters in Business Management from the Asian Institute of Management (AIM). In 1993, he took up the Top Management Program at AIM, a program exclusively for Company Presidents and Chief Executive Officers. He was a TOFIL (Ten Outstanding Filipino) Awardee in 2003 in the field of Business & Entrepreneurship; Agora Awardee for Entrepreneurship; Triple-A Awardee of AIM; and Outstanding Alumnus of UP in the field of business.

Paulino Y. Tan

Dr. Tan currently serves as the President of Asia Pacific College and also an IT Services Consultant of SM (Shoemart) Inc. He is also a member of the Board of Directors/Trustees of the following companies: Nicanor Reyes Educational Foundation, Inc., FEU Educational Foundation, Inc., East Asia Educational Foundation, Inc., Lyceum of Batangas, Lyceum of Laguna, Foundation for Upgrading the Standard of Education (FUSE), SM (Shoemart) Foundation, Inc., Asia Pacific Technology Educational Foundation, FERN Realty Corporation and Far Eastern College – Silang, Inc.

Dr. Tan obtained the Degree of Bachelor in Science in Chemical Engineering (*Summa Cum Laude*) from De La Salle University. He obtained both his M.S. and Ph.D. degree in Chemical Engineering from the University of Notre Dame, Indiana, USA.

Describe the Audit Committee's responsibility relative to the external auditor.

1) Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit
2) Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors
3) Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the University and discussing such relationships with the auditors, if any.
4) Approval for the engagement of external professionals (external audit firms) to perform non-audit services, in any.
5) On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or the auditors believe should be discussed privately.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Antonio R. Montinola[25]	September 2014	-	-	-	6 mos.
Member	Paulino Y. Tan	September 2004	1	1	100%	10 yrs. 6 mos.
Member (ID)	Sherisa P. Nuesa	September 2004	1	1	100%	4 yrs. 7 mos.
Member	Juan Miguel R. Montinola	September 2014	1	1	100%	4 yrs. 6 mos.

(d) Remuneration Committee[26]

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Aurelio R. Montinola, III	September 2014	-	-	-	5 yrs. 6 mos.
Member (ID)	Robert F. Kuan	September 2014	-	-	-	5 yrs. 6 mos.
Member	Juan Miguel R. Montinola	September 2014	-	-	-	4 yrs. 6 mos.

Provide the same information on all other committees constituted by the Board of Directors:

(e) Corporate Governance Committee[27]

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Edilberto C. de Jesus	September 2014	-	-	-	2 yrs. 7 mos.
Member (ID)	Robert F. Kuan	September 2014	-	-	-	10 yrs. 6 mos.
Member	Gianna R. Montinola	September 2014	-	-	-	5 yrs. 6 mos.
Member	Juan Miguel R. Montinola	September 2014	-	-	-	1 yr. 7 mos.

[25] There were no committee meetings held yet from the time that Mr. Antonio R. Montinola assumed the position as Chairman of the Nomination Committee.

[26] There were no committee meetings held by the Remuneration Committee during the year.

[27] There were no committee meetings held by the Corporate Governance Committee during the year.

(f) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Robert F. Kuan	September 2014	1	1	100%	10 yrs. 6 mos.
Member	Michael M. Alba	September 2014	1	1	100%	2 yrs. 5 mos.
Member (ID)	Sherisa P. Nuesa	September 2014	1	1	100%	4 yrs. 7 mos.
Member	Juan Miguel R. Montinola	September 2014	1	1	100%	5 yrs. 6 mos.

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None	Not applicable
Audit	None	Not applicable
Nomination	Lourdes R. Montinola replaced by Antonio R. Montinola	Appointment of Mr. Antonio R. Montinola during the 2014 Organizational Meeting of the Board of Trustees
Remuneration	Lourdes R. Montinola replaced by Aurelio R. Montinola, III	Appointment of Mr. Aurelio R. Montinola, III during the 2014 Organizational Meeting of the Board of Trustees
Corporate Governance	None	Not applicable
Risk Management	None	Not applicable

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Formulated various policies of the University	Appointments, scholarships, academic issues and other operational concerns
Audit	Reviewed and approved the University's quarterly and annual audited financial statements; re-appointment of external auditors; and, discussed matters (findings) raised by the internal and external auditors	Compliance with financial reporting standards and other corporate regulatory requirements
Nomination	Screened, evaluated and shortlisted nominees to the Board of Trustees (re-election of the members of the Board)	Ensures qualifications of Officers and members of the Board
Remuneration	Sets standard hiring rates	Resolve issues on inequitable pay
Corporate Governance	Sets good governance standard within the organization	Ensures efficiency in operations and compliance with existing laws and regulations, particularly that concerning corporate governance matters required by the SEC and PSE

Name of Committee	Work Done	Issues Addressed
Risk Management	Identified and evaluated the significance and likelihood of occurrence of various potential risks that may have an impact on the University	Plans to mitigate the adverse effects of identified possible risks

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Formulation of policies for the continuous improvement of faculty, facilities and curriculum as well as the general operational policies;	• Eliminate misalignment of degrees (courses offered) vis-à-vis industry needs • Promote operational efficiency
Audit	Formulation of policies that will further improve procedures to ensure efficient and effective audit	To endure that audit procedures cover all possible audit risk areas and to carry out the needed audit procedures efficiently
Nomination	Continuous improvement of nomination procedures	To ensure continuity of corporate leadership, succession planning and to ensure compliance with regulator-required developments, trainings and competence of executive officers and members of the Board
Remuneration	Continuous evaluation and study to come up with a reasonable and effective remuneration package	To maintain the reasonableness and competitiveness of remunerations provided by the University to its officials, employees and faculty
Corporate Governance	Continuous improvement of good governance practices	To ensure operational efficiency, transparency in reporting to stakeholders and compliance with regulatory requirements
Risk Management	Continuous development of risk assessment procedures	To reduce the possible adverse effects of any possible risk to the minimum

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

FEU considers risk management as a fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of FEU's strategic and operational objectives and goals.

Risk management must be an essential part of FEU's decision making and routine management, and must be incorporated within the strategic and operational planning processes at all levels across the organization.

Risk assessments must be conducted on new endeavors and activities, including projects, processes, systems and commercial activities to ensure that these are aligned with FEU's objectives and goals. Any risks or opportunities arising from these assessments will be identified, analyzed and reported to the appropriate management level. FEU is committed to ensuring that all staff, particularly the heads of Schools, Institutes and Departments are provided with adequate guidance and training on the principles of risk management and their responsibilities to implement risk management effectively.

FEU's management will regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the organization.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

Based on the most recent **Audit Committee Report**[28], the Audit Committee (the Committee) confirms the Committee's responsibilities which include its oversight responsibility relating to risk management. In the same report, the Committee confirms that it had meetings, which include executive sessions with the University's finance group, internal auditors and external auditors, to discuss matters which include possible operational risks. Further, the Committee confirms that it reviewed the Internal Audit Reports ensuring that Management is taking the appropriate actions, where required, in a timely manner.

The University's risk management system is still currently being finalized for approval.

(c) Period covered by the review;

The most recent Audit Committee Report covers the period from April 2013 to March 2014.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

Not applicable.

(e) Where no review was conducted during the year, an explanation why not.

The directors have not yet reviewed the effectiveness of the risk management system since the University is still in the process of establishing and refining the system; they have no criteria yet for assessing its effectiveness.

[28] The most recent Audit Committee Report is included in the SEC Form 20-IS, Definitive Information Statement, filed by the University in July 2014 a copy of which is posted at the University's website.

2) **Risk Policy**

(a) **Company**

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Change of curriculum (K-to-12 Program)	Financial and operational strategy that focuses on income streams, capital budgeting, cost control and operational efficiencies	Reduce/minimize the effect of the government-mandated K-to-12 Program on the University's financial results of operations
Natural calamities	Business Continuity Plan (BCP) and Disaster Recovery Program	Reduce the effect of disasters and calamities on the operations of the University especially on information technology and data resources
Increase in tuition and other fees	Government mandated increase in tuition fees vis-à-vis the autonomous status of FEU; increase in tuition fees are strategically planned to prevent loss of student enrollees and at the same time minimize the negative impression of the tuition fee increase on FEU	Reduce the effect of loss in enrollment due to increase in tuition fees

(b) **Group**

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Governance problems include – • Complexity in decision making • Complexity of committee structure which may lead to misconceptions as to the role and authority of individual bodies; • Inability of the University's governance structure to quickly react to opportunities and threats in the external environment such as those arising from competitors; • Lack of transparency and accountability across committees and other executive bodies	• Encouragement of excellence in delivery of services through its academic self-government or autonomous status • Proper assignment of matters to be taken up by the Board to the appropriate Committee as defined in the respective Committees' charter and upon agreement by the Trustees acting as a body • Presence and participation of Internal Audit, under the supervision of the Audit Committee, to oversee proper financial reporting, implementation of internal control and compliance with laws and regulations (including corporate governance requirements) • Full disclosure and access to adequate and timely information	Development of a governance strategy with a view of delivering a governance structure that promotes excellence which is associated with the University's deliver of service coupled with good internal control and management; in the short-term, proper and accurate definition of roles, division of responsibilities and decision structures that would improve transparency and accountability

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Principal-principal conflict refers to conflicts between two groups of principals: controlling shareholders and minority shareholders. The perception by the minority shareholders that their interests are not being protected may result to loss of confidence in the management of the University which may influence minority stockholders to sell their shares or prevent further investment. It may also lead to abuse in power since the steering/decision-making would be left solely to a few large shareholders. Such may develop if major stockholders consolidate their holdings while minority shareholders lose interest and may sell their holdings to a few major shareholders. This may result to loose corporate governance. The control structures become a problem in corporate governance when families use their control to protect their own interests at the expense of minority shareholders.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Hiring of incompetent and dishonest employees	Inability to attract excellent and competitive staff, to retain existing excellent staff or offer 'opportunity culture' (career structure, development and advancement opportunities, glass ceiling measures); salaries have been eroded in comparison with other universities and other industries; in the medium to long term, this could become a threat to the University's ability to recruit and retain quality staff	• Development of a general Human Resources Strategy and action plan; • Improved performance evaluation and promotion schemes for academic and support staff; • Implementation of extensive staff development programs; • Administration of qualifying exams, and stricter policy on screening and evaluation of credentials for hiring new employees
Staff and/or student dissatisfaction	• Staff and/or student dissatisfaction leads to disruption to business continuity. This may possibly arise as a result of pressures for changes in staff pay and terms and conditions of employment (including pension funds) • Implementation of higher student tuition fees with inadequate improvement to educational facilities	• Maintaining continuous dialogue to promote harmonious working relationships with employee union representatives; consultations with student councils/organizations to as an initial step to promote students' welfare; • Tuition fee increase is with authority of CHED; fulfillment of regulatory requirements; • Constant facility repairs, upgrading and constructions

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Poor performance in licensure exams	Poor performances in licensure examinations have a negative effect on the University's reputation as among the best higher education institutions in the country. In the long run, such may result to decrease in enrollment and inability to attract/retain good students	• Continuous improvement of research which is aimed at upgrading academic and teaching competencies and standards; • Hiring of qualified faculty and continuous development of their competencies with regard to their respective fields of expertise
Promoting financial sustainability and ensuring effective delivery of key strategic and operational plans; failure to effectively safeguard University assets and failure to identify and monitor continuous flow and new sources of revenue	Failure to maintain financial sustainability and failure to ensure effective delivery of key strategic and operational plans which may result to poor results of operations and inefficient use or loss of resources	• Formulation of financial strategy which include financial planning and budgetary/forecasting processes; • Benchmarking/financial analysis using relevant market and industry data; • Implementation of various financial/management strategies; • Implementation of cost reduction measures, integration and cost sharing opportunities
Insufficient investment in and oversight of systems developments to ensure systems and infrastructure provide the functionality and services expected of a leading global University	Reputational damage; loss of, or inadequate operational processes; major disruption to research, teaching and learning processes, student account administration and other various management and administrative processes and functions	• Proper planning of processes; • Continuous programs improvement and infrastructure upgrades; • Testing by internal and external auditors, including external penetration testing applied to University information technology systems and procedures

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Competition with local and other global universities (higher education institutions)	The University remains at the forefront among local universities. Major industry players seek to attract outstanding and/or competent staff and employees (including faculty) and excellent students. Also, there is a great importance of support from businesses, the governments and other major sectors of the society. With such a competitive environment, there is a risk of being unable to cope up with the current level of competition and eventually would level down the University's reputation as among the top universities in the country. The University should maintain the quality and competitiveness of its graduates, continuous development in the field of research and significant investments in the development and upgrading of facilities and other educational resources so as to remain on top of the competition as among the world-class higher institutions of learning in the Philippines.	• Evaluation and analysis of the University's strengths and weaknesses and identifying effective practices that will help the University cope with existing and potential competition • Maintaining the excellent quality of the University's academic and other operational standards in order to remain at par (or surpass) with the best in the Philippines • Clear competitive positioning of FEU against its competitors in the industry
Competitiveness of course offerings fall below expectation. Unsatisfactory student (graduate) qualifications and competence may lead to decline in the University's reputation of excellence as compared with other local and international higher education institutions (local and international competitors).	The competitiveness of graduates is reflective of the quality of education provided by the University. As a basic tool, such quality education should be founded on a curriculum which enhances the students' full potential and would respond to the needs of the industry. With regard to the foregoing, there is a risk that the University will not be able to produce competent graduates who can fulfill industry standards and needs. Accordingly, the University's academic managers are in continuous monitoring and evaluation so as to ensure the competitiveness of undergraduate and post-graduate courses offered by the University.	• Continuous study, evaluation and development of curriculum • Participation of competent and highly qualified professors and instructors

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Risk Management Committee under the Board of Trustees	Formulation of a Risk Management Policy and Risk Management Plan	Identifies, assesses, manages and monitors risks and allows investors and other stakeholders to be informed of material changes to the University's risk profile
Audit Committee under the Board of Trustees	Establishment of documentations and monitoring of control environment; direct supervision of the Internal Audit Department's work and activities	Oversees the financial reporting and disclosure process; monitors compliance with accounting policies and principles; appoints the external auditors and monitors the external auditors' performance and compliance with independence requirements; Oversees regulatory compliance involving financial reporting standards, monitoring of internal control process, and evaluating risk management policies and practices
Internal Audit Department	Regular and Special (Requested) Audit Activities, Fraud Investigation, Process and Systems Review	Provides consulting activity and independent and objective assurance which is designed to add value and improve the organization's operations. It provides assistance to Management in order to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

G. INTERNAL AUDIT AND CONTROL

Internal Auditing and Control

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company

The internal control system of FEU is defined and shaped to address the various risks that could befall the University and the business goals it wishes to achieve.

The internal control system of the University consists of policies and procedure designed to provide reasonable assurance that: (1) University's assets are safeguarded and used only for business related activities; (2) business/financial information are accurate; and (3) the University and its employees comply with existing laws and regulations.

Top management's philosophy and operating style puts adequate emphasis on the importance of controls and encourages adherence to control policies and procedures in all levels of the business organization. The control policies of the University start in the hiring, training and evaluation of employees to ensure that only competent and honest employees are hired and retained.

Since all business organizations face various risks, management tries to anticipate all forms of risks that could befall the organization. Once risks are identified, they are analyzed to estimate their significance and to assess their likelihood of happening so that actions and controls can be adopted in order to minimize if not eliminate their adverse effects.

Control procedures are also established to provide reasonable assurance that business goals will be achieved including the prevention of fraud which is considered one of the most serious breaches of internal control. Example of these control procedures are the following:

1) Hiring of competent and honest employees
2) Rotation of duties of clerical personnel
3) Mandatory vacation for non-clerical personnel
4) Separation of responsibilities for related operations
5) Separation of responsibility for operations, custody of assets and accounting
6) Use of security measures to safeguard assets
7) Use of proofs or verifiable evidence to ensure reliability of accounting data

The existing internal control system is continuously being monitored to detect weaknesses and improve its effectiveness. The Internal Audit Department, the examination division of the Disbursement Control Department, the quality control auditors of the ISO as well as our external auditors works hand in hand to ensure that the University's internal control system remains strong.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate

Based on the most recent **Audit Committee Report**, the Audit Committee stated that it had reviewed the internal audit reports ensuring that Management is taking appropriate actions, where required, in a timely manner[29]. Accordingly, the internal audit report details the observations and results of examination of the Internal Audit on the internal control processes of the University, with the appropriate findings, if any, and management actions being taken.

(c) Period covered by the review.

The most recent Audit Committee Report covers the fiscal year ending March 31, 2014.

(d) How often the internal controls are reviewed and the directors' criteria for assessing the effectiveness of internal control system; and

The University's Internal Audit carries out its **yearly** audit plan with the goal of ensuring that the University's internal control processes are in place and are performing properly. The Internal Audit directly reports to the Board through the Audit Committee. Accordingly, upon the assessment and evaluation of the findings and recommendations in the Internal Audit Report the Audit Committee includes in its Audit Committee Report a statement whether it is satisfied with the operations of the University's internal controls. The evaluation and examination of internal controls are based on best practices as documented in the University's various operations manuals.

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[29] The most recent Audit Committee Report is included in the SEC Form 20-IS, Definitive Information Statement, filed by the University in July 2014 a copy of which is posted at the University's website.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting Process
Departmental Audit/ Functional Audit	All departmental and functional processes	In-house	Robert W. Caracas	Internal Audit Department to Audit Committee
Financial Audit	All financial operations and results	In-house	Robert W. Caracas	Internal Audit Department to Audit Committee
Operational Audit	All operational transactions and processes	In-house	Robert W. Caracas	Internal Audit Department to Audit Committee
Grant and Contract Audit	All grants and trust funds	In-house	Robert W. Caracas	Internal Audit Department to Audit Committee
Fraud and Financial Irregularity Audits	All relevant transactions, records and activities that give rise to fraud	In-house	Robert W. Caracas	Internal Audit Department to Audit Committee
Follow-up Audits	All transactions, records and processes needed to resolve issues listed in the audit report	In-house	Robert W. Caracas	Internal Audit Department to Audit Committee

(b) Does the appointment and removal of Internal Auditor or the accounting/ auditing firm or corporation to which the internal audit function is outsourced requires the approval of the audit committee?

Yes; this is among the duties of the University's Audit Committee, to wit: "Review and approve the internal audit work plan ensuring independence, objectivity, conformance to International Standards for the Professional Practice of Internal Auditing. The Audit Committee approves the appointment of the outsourced internal audit function and reviews its performance annually[30]."

[30] Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, *(J) Board Committees*

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Audit Department reports directly to the Audit Committee. Audit plans and results are reported to, assessed, evaluated and approved, if necessary, by the Audit Committee. Prior to the actual performance or execution, all internal audit engagements are subject to the approval of the Audit Committee.

Yes; the Internal Audit function has direct and unfettered access to the Board and Audit Committee and to all records, properties and personnel. One of the functions of the Audit Committee is to ensure that the Internal Audit Department is given unrestricted access to all records, properties and personnel in order for the department to perform its function[31].

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
Rowelyn Gay A. Bautista, CPA	• Hired on February 20, 2014 as Section Head of Financial Audit • Resigned from the same position effective on February 28, 2015

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	Audit activities are evaluated against audit plan.
Issues	Audit issues are settled through audit meetings with the process owners and Senior Management before the issuance of final reports.
Findings	Audit findings are reported to the department concerned and settled with the process owners. Final reports and follow-ups are also conducted.
Examination Trends	The current examination trend shows that issues and findings are immediately settled and communicated to the appropriate departments.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on regular basis.]

[31] Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, *(J) Board Committees*

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Policy and procedure on monitoring portable equipments and assurance that these are duly accounted for	Implemented
Petty cash fund handling policy	Implemented
Policy for accounting and reporting of NSTP fund	Implemented
Policies and Procedures on MBA enrollment program	Implemented
Policy on safeguarding University owned land titles	Implemented

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitations on the non-audit services that an external auditor may provide to the company):

<table>
<tr><th>Auditors (Internal and External)</th><th>Financial Analysts</th><th>Investment Banks</th><th>Rating Agencies</th></tr>
<tr><td>Internal Auditors:

• The Internal Audit Department does not have direct authority or responsibility over the materials audited. The ownership of these materials remains with the department which developed and has responsibility over such.

• The Internal Audit Department is prohibited to make any management decision or engage in any other activity which could be reasonably construed to compromise its independence. Its ultimate responsibility is to provide the Audit Committee with the information necessary to execute its responsibilities.

• The Internal Audit Manager reports directly to the Audit Committee.

• The Internal Audit Manager is authorized to communicate directly, and on his own initiative, to the President, the members of Audit Committee and the Board.

• The internal audit function is subject to independent review, as required, carried out by independent professionals/organizations (e.g. external auditors, IIA).</td><td colspan="3">The University's transactions with such parties should be generally in compliance with the University's Conflict of Interest Policy. In certain cases where potential conflict of interest exists, as a matter of policy, the concerned Trustee, Officer, or Employee is required to fully disclose the fact immediately and should be prohibited to participate in, or seek to influence any negotiations or decisions pertaining to the transaction which is the subject of interest.

Further, certain transactions of the University with such parties, as may be deemed necessary by the Management and in compliance with the applicable provisions of law and other regulatory requirements, are required to be approved by the Board and/or the stockholders.

The University also discourages transactions with banks and financial institutions with questionable integrity. For financial analysts and rating agencies, such usually practices in accordance with their own corporate governance rules and in accordance with their professional code of conduct and/or established ethical standards.</td></tr>
</table>

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
External Auditors: • On an annual basis, prior to appointment/re-appointment of External Auditors, the Audit Committee ensures that the auditing firm complies with the required independence as provided for in the Code of Ethics for Professional Accountants in the Philippines and the Securities Regulation Code. • Prior to the re-appointment of the External Auditor, the Audit Committee ensures that the auditing firm complies with the requirement for the rotation of the signing partner. The signing partner shall be rotated after every five (5) years and which a two-year (2) cooling off period shall be observed in the re-engagement of the same signing partner. • Also, on an annual basis, the External Auditor confirms, through the engagement letter, that the performance of the audit will not impair independence.			

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employers of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Chairman/ CEO and Corporate Governance Committee oversee and will attest to the University's full compliance with SEC Code of Corporate Governance. They are the following officers:

Chairman and CEO – Aurelio R. Montinola, III

Corporate Governance Committee:

Chairman – Edilberto C. de Jesus
Members – Robert F. Kuan
– Gianna R. Montinola
– Juan Miguel R. Montinola

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	Its students are the main customers of the University. The University commits to satisfy the expectations of its customers. This commitment is embodied in the University's vision/mission statement: "Committed to the	• Facilities enhancement and upgrading (expansion and upgrading of the central library at NRH, renovation of additional science laboratories, improvement of lightings and air-conditioning of classrooms and other various developments);

	Policy	Activities
	highest intellectual, moral and cultural standards, Far Eastern University strives to produce principled and competent graduates." Through the Student Development Office (SDev), the University envisions a dynamic support unit that is responsive to the diverse needs of the students through the creation of learning experience for students' holistic development. Towards this end, the University, through SDev, implements the following core programs[32]: • Student Organization Activities and Research (SOAR) • Circles of Leadership Influence Program (CLIP) • Leadership Succession • Student Off-Campus Engagements (SOCE) • Student Welfare Programs	• Enhanced use of information technology (continued streamlining of online enrollment and payment system; launch of e-textbooks); • Strengthened security for students protection (installation of additional CCTV cameras and gate monitoring systems); • Continuous faculty development (researches and publications); • Improvement of course curriculum in accordance with industry needs and accreditation (leveling up) of courses; • Ensuring accessibility and continuous development of student services and development activities (athletics, student leadership programs, research, active linkages with industry partners and international educational institutions, and others) • Quality service from each personnel of the University
Supplier/contractor selection practice	In dealing with its suppliers, the University embodies the ideals and principles set forth in its Code of Business Conduct and Ethics so as to ensure transparent and fair business dealings. The University is guided by the general rule that purchases are based on competitive bidding, provided by qualified and accredited suppliers and shall be for the best interest of the University.	• Accreditation of suppliers based on established and approved standards; • Canvassing and bidding for potential suppliers; • Monitoring in order to regulate receipt of gifts from third parties with business dealings with the University so as to maintain impartiality among Trustees, Officers and employees
Environmentally friendly value-chain	The University's policy on environment is primarily embodied in its vision/mission statement: "It nurtures a service-oriented and environment conscious community which seeks to contribute to the advancement of the global society." One of the manifestations of the University's commitment to environmental consciousness, the Tamaraw became the athletic mascot of all athletic teams and pet name of every student of the University. The Tamaraw is an endangered animal which is endemic in the island of Mindoro, Philippines. The University's Community Extension Services (OCES) Office carries out the University's various environmental and community programs. It serves as the main	• Tamaraws Save Tamaraws Program which aims to double the number of the Tamaraw population by 2020; • FEAST (FEU's Eco-Advocacy on the Segregation of Trash); • Support and participation in various Fun Runs for the promotion of environmental preservation (Run for Pasig)

[32] Details of these programs are posted in the University's website: ***http://www.feu.edu.ph/manila/index.php/campus-life/office-of-student-development/***

	Policy	Activities
	bridge of the University to the larger Philippine community and society.	
Community interaction	Promotion of community interaction is evident on the University's vision/mission statement: "It nurtures a service-oriented and environment conscious community which seeks to contribute to the advancement of the global society." The OCES carries out the University's various environmental and community programs. It serves as the main bridge of the University to the larger Philippine community and society. The extension services (carried out by OCES) of the University becomes the application of the academic thrust of FEU in so far as it wishes to be of service to the broader society via its chosen advocacies and programs. The University also endeavors to strengthen the National Service Training Program (NSTP) for its students which include the actual implementation of community service projects.	• Project Hope (outreach services for the inmates of the Manila City Jail); • Silang Yaman (seminars and workshops on capability building and development of livelihood skills, sports and fitness programs and supplemental programs on English, Math and Science provided to various communities in Silang, Cavite); • FEU-Gawad Kalinga (GK) Community (formation, training and support of the GK Women's group known as TAM-GKBlossom Catering Services); • FEU Medical Mission, Feeding and Distribution of Basic Medical Kits; • Other various outreach programs and services carried out by the difference institutes and offices of the University
Anti-corruption programmes and procedures	Anti-corruption policy of the University is embodied in the **Code of Business Conduct and Ethics**. The set of principles in the Code ensures that dealings of each Employee, Senior Management and Trustee are fair, transparent, in accordance with laws and regulations and to the best interest of the University.	• Implementation of Whistle Blowing Policy, Conflict of Interest Policy, Insider Trading Policy and the provision of the Code of Business Conduct and Ethics; • Full disclosures of related-party transactions in the financial statements and other appropriate reports; • Full disclosures of significant transactions/ changes in the organization through the FEU's website and postings at the PSE website; • Examinations by the Internal Audit function and the External Auditors
Safeguarding creditors' rights	In dealing with creditors, the University is guided by the principles embodied on its **Code of Business Conduct and Ethics**. As part of its commitment to good governance, relevant information will be made available to its creditors, like with that of the other stakeholders and the general investing public.	• The latest audited financial statements and relevant financial reports of the University are made accessible to all creditors through the University website and postings at the PSE website; • Providing certifications and/or approvals by the officers and/or the Board, as necessary; • Providing full disclosures on material transactions/changes in the University, as may be deemed necessary

2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

Yes. Reports on Corporate Social Responsibility is included the President' Report which is published and issued annually. In the said report, there is a separate section for the Office of Community Extension Services (OCES) and NSTP. Such office/unit carry-out the community extension services and outreach programs of the University. Likewise, there is a separate "Community Outreach" portion for each of the departments', offices' and institutes' report that discusses the community services and outreach activities undertaken specifically by the respective departments, offices and institutes.

3) **Performance-enhancing mechanisms for employee participation.**

(a) What are the company's policy for its employees' safety, health, and welfare?

The University takes all possible measures to ensure the health, safety, and protection, of all its employees, faculty and students, from all health hazards arising in the campus. This is carried out in accordance with the standards set by the Philippine Occupational Health and Safety standards, OSHC, Department of Labor and Employment, Department of Health and other regulatory organizations. FEU is a smoke free campus and drug free work place.

To promote employee health, welfare and development, the following benefits are provided to employees:

- Medical and dental benefits
- Attractive and competitive retirement benefits
- Educational scholarships to employees and dependents
- Safety shoes and prescribed uniform for identified positions
- Calamity Premium Pay and Hazard Pay
- Minimum of 30 days personnel leave credits a year; seven (7) days emergency leave
- Clothing allowance
- Recreational activities such as sports fests, summer outings, and various fellowship activities

(b) Show data relating to health, safety and welfare of its employees.

- During the year, P36.9 million were spent for medical benefits alone
- The University makes monthly contributions to the employees' retirement fund. The amount contributed is equivalent of 20% of an employee's basic pay

(c) State the company's training and development programs for its employees. Show the data.

The University's Management ensures the continuous training and development of its employees in order to have a competent and productive workforce. Such is one of the strategies and objectives of the University which is achieved by providing its employees with opportunities for individual and group learning. The Management supports the design and implementation of competency development programs to enable its employees to perform successfully in their roles, maximize their skills and abilities, uncover their potentials, and eventually enrich their personal and professional growth.

The University encourages the use of a broad range of competency development approaches that will enable its employees to sustain or improve their performances and contribute to the desired results. These are reflected in its General and Technical Competencies Curricula which include classroom-based training and other learning interventions such as on-the-job training (OJT), developmental assignments, and self-study programs.

For SY 2014-2015, the University invested a total of P12,295,650 for its competency development programs.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.

The compensation and rewards granted by the University shall support the achievement of its strategies and objectives. It shall be a source of competitive advantage and a major driver in:

1. Sustaining **membership** of high performing and key contributing employees;
2. Motivating employees to achieve superior levels of quality **performance**;
3. Encouraging employees to develop desired **competencies**; and
4. Building employee **engagement** to the organization.

The employees of the University shall be rewarded for their performance and competency to motivate them to continuously produce desired outcomes and thereby drive the whole organization towards achieving the vision to be the university of choice in Asia.

FEU's Rewards Programs shall be anchored on the following guiding principles:

1. An employee can influence his pay level by the quality of his performance, at team and individual levels.
2. An employee can influence growth and improvement of his pay through the attainment of required competencies.
3. Fair returns are accorded to the employee considering FEU's performance and affordability as well as pay levels of comparator market groups.
4. Teamwork is encouraged and rewarded in the achievement of the University's strategies and plans.
5. Rewards programs are communicated to all employees to inform, motivate and mobilize them towards performance.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

The University follows the following procedure:

1. Employee submits letter of complaint to management.
2. Based on letter of complaint, the Management conducts preliminary investigation and/or audit as needed.
3. Based on preliminary investigation and/or audit, HRD issues to the involved employee a Notice to Explain, indicating the offense and corrective action.
4. An Ad hoc Committee is created, depending on the explanation and evidence, to conduct further investigation and recommends appropriate corrective action.
5. The Ad Hoc Committee recommends to the University President the corrective action for the offense based on the Code of Conduct.
6. The President endorses the recommendation of the Ad Hoc Committee to the Legal Counsel for review.
7. HRD issues a notice containing its decision and corresponding corrective action to the employee, copy furnished the Employees' Union.

To protect the employee who complained, the University conducts audits and preliminary investigation and uses the results as basis for the Notice to Explain.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Seyrell Investment and Realty Corporation	4,717,162	28.63%	Lourdes R. Montinola
Sysmart Corporation	3,546,138	21.52%	Henry Sy
Desrey, Inc.	1,318464	8.00%	Lourdes R. Montinola

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
	N/A		
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programmes attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

Not applicable as the Annual Report disclose all of the above information.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Araullo	• **For Fiscal Year 2014 – 2015:** P940,000 (exclusive of Value-Added Tax) plus 12% Out-of-Pocket Expenses • **For Fiscal Year 2013 – 2014:** P895,000 (exclusive of Value-Added Tax) plus 12% Out-of-Pocket Expenses • **For Fiscal Year 2012 – 2013:** P800,000 (exclusive of Value-Added Tax) plus 12% Out-of-Pocket Expenses	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

For Shareholders and Investors:

- Disclosures filed (financial reports, disclosures of material events and transactions and various other reports in accordance with applicable regulatory requirements) with the SEC and PSE which are posted at the PSE website
- Annual and Quarterly Reports
- Annual Regular/Special Stockholders' Meeting
- President's Report (Academic Report of the President)
- University's website (Investor's Information)
- Official Statements and/or various news or press releases

For Employees, Students and Alumni:

- E-mail announcements
- Various notices sent thru courier and/or registered mail
- Official newsletters and publications
- University's website (General University Information)

5) Date of latest release of audited financial report: June 17, 2014

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

Not applicable as all the foregoing information are disclosed in the University's website.

7) Disclosure of RPT

RPT	Relationship	Nature	Value *(in Philippine Pesos)*
FERN Realty Corporation	Subsidiary	Rental expense Dividend income Rental income	83,466,357 6,674,690 1,158,515
East Asia Computer Center, Inc.	Subsidiary	Dividend income Non-interest bearing advances	50,319,741 244,195
Far Eastern College – Silang, Inc.	Subsidiary	Rental income Reimbursement of expenses (receivable) Reimbursement of expenses (payable)	2,501,025 1,476,000 180,727
FEU Alabang	Subsidiary	Non-interest bearing advances	84,372
FEU High School, Inc.	Subsidiary	Non-interest bearing advances	280,761
East Asia Educational Foundation, Inc.	Affiliates	Rental income Management fee (income) Non-interest bearing advances	48,154,351 41,429,784 1,321,130

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

As set forth in the University's **Code of Business Conduct and Ethics**, dealings falling under the category of related party transactions (RPT) should be approved by the Board of Trustees (and the stockholders, as necessary) and such should, at least be:

- Above board;
- Transparent;
- Arm's length;
- Non-bias;
- Without special favor;
- Not disadvantageous to the company

In other words, it must be to the best interest of the University as a whole[33].

Further, the University follows the general rule that it shall avoid RPT. In instances where RPTs cannot be avoided, the University shall disclose all relevant information on the same. Any violations therein shall be subject to disciplinary action without prejudice to any civil or criminal proceedings that the University or the regulators may file for violation of any existing law(s)[34].

[33] Refer to the Code of Business Conduct and Ethics is posted at the FEU website.

[34] Refer to the Related Party Transactions Policy which is posted under the Corporate Governance section of the website.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	A majority of stock issued and subscribed and entitled to vote shall be requisite at every meeting to constitute a quorum for the election of Trustees or for the transaction of any other business whatsoever[35].

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	By Vote
Description	Approval and endorsement by the Executive Committee; ratification by the Board of Trustees; and in certain cases (as required), ratification by the stockholders

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
Right to vote on all matters that require their consent or approval	None
Pre-emptive right to all stock issuances of the corporation	
Right to inspect corporate books and records	
Right to information	
Right to dividends	
Appraisal right	

Dividends

Declaration Date	Record Date	Payment Date
June 17, 2014	July 01, 2014	July 15, 2014
July 15, 2014	September 09, 2014	Upon approval by SEC (Stock Dividend)
January 20, 2015	February 03, 2015	February 17, 2015

[35] Amended By-Laws, Section V – MEETINGS; QUORUM

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
As a matter of policy, as set forth in the University's Amended Revised Manual on Corporate Governance, the stockholders should be encouraged to personally attend the annual and special stockholders' meeting. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy[36]. Such apply to both individual and institutional shareholders. Disclosure of Definitive Information Statements to generally inform all stakeholders (particularly the stockholders) of the matters concerning an upcoming Annual (or Special) Stockholders' Meeting	Posting of the SEC Form 20-IS at the University's website and at the PSE website which may be accessed by the general public
Sending copies of Notice of Annual (or Special) Stockholders' Meeting to all stockholders	Formal notices were sent through courier and mail in order that all stockholders are individually informed and notified regarding the Annual (or Special) Stockholders' Meeting
Open forum during the Annual Stockholders Meeting which encourages stockholders to relay their queries to the Board of Trustees	Person-to-person question and answer method; stockholders are given the opportunity to obtain answers to their queries directly from the members of the Board of Trustees

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution

In amending its Articles of Incorporation, the University sends individual notices to stockholders in order to encourage each stockholder to participate and vote during a stockholders' meeting. The notices sent includes the agenda of the meeting which details the matters requiring stockholders' approval. Further, such notice mentions that in case a stockholder is unable to attend, he/she may appoint a Proxy who would vote on behalf of the stockholder; this is to encourage the exercise of stockholders' voting rights and participation in the University's corporate decision-making. Further, such is in compliance with the provision of **Section 16**, **Amendment of Articles of Incorporation**, of the **Corporation Code of the Philippines** which provides that any matters stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders.

During the period covered by this report, the Notice of Annual Stockholders' Meeting sent to the University's stockholders includes in the agenda the matter pertaining to the amendment of Article Second of the Amended Articles of Incorporation which requires the ratification and confirmation by the stockholders[37].

[36] Amended Revised Manual on Corporate Governance, Item No. 7 STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST, *(B)*

[37] Refer to the most recent Notice of Annual Stockholders' Meeting dated July 16, 2014 for the University's annual stockholders meeting held on August 23, 2014

b. Authorization of additional shares

In compliance with **Section 38**, **Power to increase or decrease capital stock; incur, create or increase bonded indebtedness**, of the **Corporation Code of the Philippines** which provides that no corporation shall increase or decrease its capital stock unless approved by a majority vote of the board of directors (trustees) and two-thirds (2/3) vote of the outstanding capital stock, a stockholders' meeting should be duly called for such purpose. Accordingly, such matter, if any, is to be fully disclosed in the notice of stockholders' meeting which is sent to individual stockholders in order to encourage their participation and exercise their right to vote, either personally or by proxy, on the said corporate matter presented for their approval.

During the period covered by this report, the University did not undertake to increase or decrease its capital stock.

c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The University complies with the provision of **Section 40, Sale or other disposition of assets**, of the **Corporation Code of the Philippines** which provides that a corporation may sell, lease, exchange, mortgage, pledge or otherwise dispose of all or substantially all of its assets upon such terms and conditions and for such consideration as its board of directors (trustees) may deem expedient, when authorized by at least two-thirds (2/3) of the outstanding capital stock at a stockholders' meeting duly called for the purpose. In this regard, such matter, if any, shall be fully included in the notice of stockholders' meeting for the stockholders' meeting wherein such matter will be presented to the stockholders for their approval.

There was no substantial transfer of any of the University's assets during the period covered by this report.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

As set forth in the University's ***Amended By-Laws***, notice of annual stockholders' meeting shall be mailed at least fifteen (15) days prior to the date of the said meeting[38].

a. Date of sending out notices last year: August 4, 2014

b. Date of the Annual/Special Stockholders' Meeting last year: August 23, 2014

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

The following are the summary of queries and comments raised by some of the stockholders present at the Annual Stockholders' Meeting held last August 23, 2014, with the corresponding responses from the members of the Board of Trustees and officials of the University[39]:

- **Query/Comment:** Mr. Guillermo F. Gili, Jr. asked about the effects of the possible decrease in enrollment related to the government's K-to-12 Program.

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[38] Amended By-Laws, Section VIII – NOTICE OF MEETING

[39] Refer to item *IV. ACADEMIC REPORT OF THE PRESIDENT* of the Minutes of Regular Annual Meeting of Stockholders of Far Eastern University, Inc. for the stockholders' meeting held last August 23, 2014

Response: Dr. Michael M. Alba, President, explained that the opening of the senior high school program hopes to extend years with the students and offer better quality education as a result. Mr. Juan Miguel R. Montinola, Chief Financial Officer, added that the senior high school program aims to produce freshmen who might undertake acceleration programs which in effect will enable students to be compliant and ready for the next level of education. Further, Mr. Montinola explained that monitoring of comparative reports, tracking and positioning of all the expenses are regularly done and, provided that the operational costs are minimized and controlled, the University remains stable and prepared to survive the economic difficulties.

- **Query/Comment:** Mr. Emil Dela Cruz inquired regarding the future plans of the University on how to overcome the drastic decline in the University's income for the succeeding years.

  Response: Dr. Alba responded that such matter may be addressed by proposing the probability of inviting and opening more slots for potential high school graduates of FEU and international students. Another option presented by Dr. Alba is to minimize the expenses of the University through the usage of the Stabilization Fund of the Commission on Higher Education, in collaboration with the Department of Labor and Employment. The said fund aims to subsidize the retrenchment costs and monthly stipends or scholarships of teachers affected by the government's K-to-12 Program.

- **Query/Comment:** Ms. Isolda S. Oca applauded the idea of the University's roadmap in retaining the Autonomous University Status and asked for the steps in refining the student's critical and analytical thinking.

  Response: Dr. Alba explained that the yearly generalized critical thinking examination intends to monitor the course of thinking of the students and to determine which tools are effective in developing critical thinking; the evidence gathered will then be related to the subjects followed by the pedagogical techniques. Mr. Aurelio R. Montinola, III, Chairman and CEO, reiterated the importance on maintaining the balance between employability and critical thinking.

- **Query/Comment:** Mr. Elias B. Dulalia commended the management and suggested the expansion of another branch in Cebu. He also proposed for an increase of at least five percent in the employees' salary due to the University's prosperity and success.

  Response: The Chairman and CEO acknowledged the commendation and had taken note of the suggestion.

- **Query/Comment:** Mr. Stephen Soliven asked if a violation was committed with regard to the authorized capital stock due to the increase of the non-controlling interest.

  Response: Mr. Arnualdo B. Macapagal, Chief Accountant, explained that the authorized capital stock will not be affected by the increase of the non-controlling interest since the said increase is due to the preferred shares of East Asia Computer Center, Inc.

Other informal queries concerning financial matters were forwarded to the Mr. Glenn Z. Nagal, Comptroller and Compliance Officer. Such queries were duly noted and appropriately responded by Mr. Nagal.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
1) RESOLVED, That the reading of the minutes of the regular annual meeting of stockholders held on 24 August 2013 be dispensed with and said minutes be approved as presented.	Approved	None	None
2) RESOLVED, That the Academic Report of the President, Far Eastern University, for the Academic Year 2013 – 2014 be, as it is hereby, noted.	Approved	None	None
3) RESOLVED, That the Annual Report of Far Eastern University, Inc. covering the operations of Academic Year 2013 – 2014 be approved, ratified and confirmed.	Approved	None	None
4) RESOLVED, That the Board of Trustees of Far Eastern University, Inc. (the "Corporation") approve, as it hereby approves the amendment which consists of the deletion of the last phrase "and one non-voting member in the person of the Vice-President for Operations" in Section XXIX – NOMINATION COMMITTEE of the Amended By-Laws of the Corporation, whereby said section, which originally reads: "Section XXIX – NOMINATION COMMITTEE: The Board shall create a Nomination Committee which shall have at least 3 voting Trustees (one of whom must be independent), and one non-voting member in the person of the Vice President for Operations." shall now read, to wit: "Section XXIX – NOMINATION COMMITTEE: The Board shall create a Nomination Committee which shall have at least 3 voting Trustees (one of whom must be independent)."	Approved	None	None
5) RESOLVED, **FURTHER**, that the Board of Trustees of the Corporation authorize, as it hereby authorizes, the Corporation to distribute the stock dividend among the stockholders of the Corporation as of record date, which shall be determined after said Annual Stockholders' Meeting, and issue such stock dividend as soon as the necessary permit or authorization from the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) shall have been obtained.	Approved	None	None
6) RESOLVED, **FURTHER**, that the Board of Trustees of the Corporation authorize, as it hereby authorizes, the Corporation to pay all fractional shares, if any, resulting from said stock dividend in cash at par value.	Approved	None	None

Resolution	Approving	Dissenting	Abstaining
7) **RESOLVED**, **FURTHER**, that the record date of the 20% stock dividend approved by the Board of Trustees of Far Eastern University, Inc. (the "Corporation") at its meeting held on 15 July 2014 shall be set on 09 September 2014.	Approved	None	None
8) **RESOLVED**, That the acts of the officers and Trustees of Far Eastern University, Inc. in the furtherance of the matters covered by the annual report for the Academic Year 2013 - 2014 be approved, ratified and confirmed.	Approved	None	None
9) **RESOLVED**, That there being only nine nominees, all votes be cast, as they are hereby cast equally, and that the nine nominees be henceforth declared elected members of the Board of Trustees of Far Eastern University, Inc. for the Academic Year 2014-2015 or until their successors are duly elected and qualified. Thus: As Trustees: No. of Votes Dr. Lourdes R. Montinola 1,475,849 Mr. Aurelio R. Montinola III 1,475,849 Dr. Michael M. Alba 1,475,849 Mrs. Angelina P. Jose 1,475,849 Dr. Paulino Y. Tan 1,475,849 Mr. Antonio R. Montinola 1,475,849 As Independent Trustees: Ms. Sherisa P. Nuesa 1,475,849 Dr. Edilberto C. de Jesus 1,475,848 Mr. Robert F. Kuan 1,475,848	Approved	None	None
10) **RESOLVED**, That the firm Punongbayan and Araullo, be appointed External Auditor of Far Eastern University, Inc. for the Academic Year 2014-2015.	Approved	None	None

Resolution	Approving	Dissenting	Abstaining
11) **RESOLVED**, **AS IT IS HEREBY RESOLVED**, that the Board of Trustees of Far Eastern University, Inc. (the "Corporation") authorize, as it hereby authorizes, the Corporation to amend Article Third of its Amended Articles of Incorporation and Section I of its Amended By Laws to incorporate the change in its principal office from "Manila, Philippine Islands/City of Manila" to "Nicanor Reyes Street, Sampaloc, Manila", in compliance with Memorandum Circular No. 6 Series of 2014 issued by the Securities and Exchange Commission. The aforementioned provisions will be amended to read as follows: "Third. That the place where the principal office of the corporation is to be established or located is at Nicanor Reyes Street, Sampaloc, Manila." "Section I. – OFFICE: The office of the corporation shall be located at Nicanor Reyes Street, Sampaloc, Manila, at the principal place of business of said corporation in said city, or at such other place in said city as the Board of Trustees may, from time to time, determine and fix."	Approved	None	None
12) **RESOLVED**, **FURTHER**, that Board of Trustees of the Corporation authorize, empower, and direct, as it hereby authorizes, empowers, and directs, the Trustees and proper officers of the Corporation to do any and all things necessary to effect the foregoing resolutions.	Approved	None	None
13) **RESOLVED**, That a vote of appreciation be extended to the Board of Trustees, the University and Corporate Officials, the academic and non-academic personnel for a job well done.	Approved	None	None

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

August 23, 2014[40]

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	Not applicable

[40] Refer to item *VII. ELECTION OF TRUSTEES AND INDEPENDENT TRUSTEES* of the Minutes of Regular Annual Meeting of Stockholders of Far Eastern University, Inc. for the stockholders' meeting held last August 23, 2014

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	***Members of the Board:*** Lourdes R. Montinola Aurelio R. Montinola, III Michael M. Alba Angelina P. Jose Sherisa P. Nuesa Paulino Y. Tan ***Officers:*** Juan Miguel R. Montinola Gianna R. Montinola Glenn Z. Nagal	August 23, 2014	By poll / proxy	8%	78%	86%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

No; the University's external auditors, however, are present during the Annual Stockholders' Meeting and serves as observers during the meeting.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes. As provided for by the University's By-Laws, each share of stock is counted as one (1) vote[41].

The University has only one (1) class of shares.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Completely filled-up and signed Proxy Form submitted to the Corporate Secretary
Notary	Not required
Submission of Proxy	At least 24 hours before the time set for the meeting as required by the By-Laws, or not later than 3:00 p.m. of the day immediately preceding the day of the scheduled date of the meeting[42]

[41] Amended By-Laws, Section VI – MEETINGS; VOTING

[42] Refer to the most recent Notice of Annual Stockholders' Meeting dated July 16, 2014 for the University's annual stockholders meeting held on August 23, 2014

	Company's Policies
Several Proxies	Allowed
Validity of Proxy	One (1) year
Proxies executed abroad	Allowed subject to validation
Invalidated Proxy	Not counted
Validation of Proxy	Against signature card or personally signed
Violation of Proxy	Not counted

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Written notice of the annual meeting of the University shall be mailed to each registered shareholder at the address, within the Philippines, which said shareholder shall have registered for the purpose. Said notice shall be so mailed at least fifteen (15) days prior to the date of the said meeting[43]. No notice shall be required to be sent to any address outside the Philippines.	*Notices are sent to individual stockholders of record after the temporary closing of stock transfer book prior the scheduled meeting.* *Such notices are sent by means of a courier and/or registered mail.*

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	1,509
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	August 4, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	August 4, 2014
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes, stockholders were likewise provided with hard copies

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election	Yes
The auditors to be appointed or re-appointed	Yes
An explanation of the dividend policy, if any dividend is to be declared	Yes
The amount payable for final dividends	Yes
Documents required for proxy vote.	Yes

[43] Amended By-Laws, Section VIII – NOTICE OF MEETING

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

Not applicable as all the foregoing information are disclosed in the notice of stockholders' meeting.

7) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
Right to vote on all matters that require their consent or approval;	Full implementation
Pre-emptive right to all stock issuances of the corporation;	Full implementation
Right to inspect corporate books and records;	Full implementation
Right to information;	Full implementation
Right to dividends; and	Full implementation
Appraisal right	Full implementation

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Generally, minority stockholders have the right to nominate candidates to the Board as there are no provisions in any of the University's internal policies and procedures which would prohibit minority stockholders to nominate a candidate for the Board of Trustees.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed.

The University believes in transparency as an indispensable component of good governance and that timely, relevant, transparent and accurate information should be made available to the shareholders and the general public. As such, important matters affecting the stakeholders are made known to them by the University's designated offices.

Further, as provided for in the **Amended Revised Manual on Corporate Governance**, the Board of Trustees shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate exchange mechanisms for listed companies and submission to the Commission for the interest of its stockholders and other stakeholders[44].

Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Executive Committee reviews and approves the University's major announcements. Further, filings with regulatory agencies, disclosures to the Philippine Stock Exchange, press releases, minutes of meetings, approved board resolutions and other corporate information which are made available to the stockholders and the general public through the University's website is reviewed by the Compliance Officer, the Investor Relations Officer, the Corporate Secretary and the President, as applicable.

[44] Amended Revised Manual on Corporate Governance, Item No. 8 DISCLOSURE AND TRANSPARENCY

2) **Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.**

	Details
1) Objectives	To showcase the University's financial strength (stability, profitability and liquidity) and operational efficiency through good corporate governance
2) Principles	Good governance through participative leadership and transparency
3) Modes of Communications	• Reports and disclosures to SEC and PSE • Investor relations section of the University's website • Annual report provided to all stockholders
4) Investors Relations Officer	Juan Miguel R. Montinola

3) **What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?**

Acquisition of corporate control in capital markets, and extraordinary transactions such as merges and sales of substantial portions of corporate assets, if any, are required to be approved by the Executive Committee and ratified by the Board of Trustees, and by the stockholders, as necessary. Prior to approval, the approving body ensures that any transaction complies with the documentary, substantive and procedural requirements in accordance with the requirements of the Corporation Code and the Securities and Regulations Code, including the applicable rules and regulations promulgated by the SEC and the PSE.

Further, legal and financial due diligence is conducted by independent legal advisers and external auditors, respectively, in order to evaluate the fairness of any transaction.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

Not applicable. During the period covered, the University was not a party to any extraordinary transactions mentioned above.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Scholarship for Special Groups	The University provides scholarship to poor but deserving students, particularly to those applicants with orthopedic disabilities or those belonging to indigenous group.
FEU - Gawad Kalinga (GK) Community	FEU formed a GK Women's group known as TAM-GKBlossoms Catering Services. The group was provided with a complete set of catering utensils and seed money of P25,000. Further, the group was given a series of training of catering, food safety and food preparation.

Initiative	Beneficiary
Silang Yaman	This project benefits the various communities in Silang, Cavite. The University maintained four (4) rooms and facilities in Barangay Biga and continues its Supplemental Program on English, Math and Science to secondary-level students. A health awareness campaign is also conducted through a Sports and Fitness Program. Further, the University provided the residents with seminars and workshops on capability building and development of livelihood skills.
Save the Tamaraw (Tamaraws Save Tamaraws) Project	This project is focused in Mindoro Island with the main goal to double the number of the Tamaraw population by 2020 and to keep on protecting the biodiversity of Mindoro Island which is the lone habitat of the endangered Tamaraws. This project is launched with World Wildlife Foundation (WWF) and Department of Environment and Natural Resources.
Project HOPE	The University continues its outreach services to the inmates of the Manila City Jail. The project focuses on providing various activities that focus on health, physical fitness, psychological well-being and livelihood. The following activities were conducted: • Donation of rubber shoes and conducting dance classes to female inmates; • Supported the production of trinket beads from old newspapers and magazine by the inmates and marketing of their products; • Maintenance and improvement of BJMP Salon and Infirmary by providing salon paraphernalia, devices and medicines; • Funding the construction of an Alternative Learning Center and eventually, to provide facilitators for alternative learning sessions
Brigada-Eskwela	Personnel from various offices of the University participated in the said program which benefits various public schools
Various other projects as follows: • Literacy and livelihood projects • Sports clinics • Student leaders' exposure to partner and adopted communities • School supplies distribution • Global Walk to sustain financial support worth P150,000 for six (6) scholars	These projects/activities were conducted for the benefit of various beneficiaries in various communities

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Self-evaluation	1) Attendance; 2) Participation in and conduct; 3) Conflict of interest; 4) Business knowledge and expertise
Board Committees	Self-evaluation	
Individual Directors	Self-evaluation	
CEO/President	Self-evaluation	

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
1) Willful violations that govern securities and banking activities	Permanent disqualification as director
2) Fraudulent acts	Permanent disqualification as director
3) Independent trustee who became an officer, employee or consultant of the same corporation	Permanent disqualification as director
4) Trustee who is judicially declared as insolvent	Permanent disqualification as director
5) Conviction by final judgment of any crime punishable by imprisonment of more than 6 years	Permanent disqualification
6) Refusal to comply with disclosures request of the Securities Regulation Code and its implementing rules and regulation	Temporary disqualification which shall be in effect as long as the refusal persists.
7) Dismissal or termination for cause as trustee of any corporation	Temporary disqualification which shall be in effect as long as he has not cleared of the offense
8) Independent trustee whose beneficial equity ownership in the corporation, its subsidiaries and affiliates exceeds 2% of the subscribed capital stock	Temporary disqualification which shall be in effect as long as he exceeds the limit

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of ______________________ on________________, 2015.

SIGNATURES

AURELIO R. MONTINOLA, III **Chairman of the Board**	AURELIO R. MONTINOLA, III **Chief Executive Officer**
EDILBERTO C. DE JESUS **Independent Director**	ROBERT F. KUAN **Independent Director**
GLENN Z. NAGAL **Compliance Officer**	

SUBSCRIBED AND SWORN to before me this 14th day of July 2015 , affiant(s) exhibiting to me their __________________, as follows:

NAME	TIN
Aurelio R. Montinola, III	135-558-086
Edilberto C. De Jesus	103-104-968
Robert F. Kuan	115-733-271
Glenn Z. Nagal	130-358-924

NOTARY PUBLIC

ENRICO G. GILERA
Notary Public for Manila
Until December 2015
PTR No. 3826039; 01.06.2015; Manila
IBP No. 0981804; 01.05.2015; PPLM
Roll No. 35145; May 27, 1988
Compliance No. IV 0017359; April 23, 2013
Unit 403 Doña Consuelo Bldg.,
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