

COVER SHEET

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S.E.C. Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address : No. Street City / Town / Province)

Atty. Anthony Raymond A. Goquingco

Contact Person

8 735-8686

Company Telephone Number

SEC Form 17- Q Quarterly Report

Ending November 30, 2024

FORM TYPE

0	5
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Month

3	1
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Day

Calendar year

1	0
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Month

1	9
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Day

Annual Meeting

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended articles Number/Section

Total Number of Barrowings

1,544

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personel concerned

[illegible]

File Number

LCU

[illegible]

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FAR EASTERN UNIVERSITY

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SEC RULE 17 (2) (b) THEREUNDER

Nicanor Reyes Street

Sampaloc, Manila

P.O. Box 609 Philippines 1015

(+632) 87777-FEU (338)

(+632) 8849-4000

1. For the Quarter period ended **November 30, 2024**
2. SEC Identification Number **538**
3. PSE Code
4. BIR Tax Identification No. **000-225-442**
5. Exact Name of Registrant as specified in its charter **Far Eastern University, Incorporated**
6. Province, Country or other jurisdiction of Incorporation or organization **Philippines**
7. (SEC use only)
8. Address of Principal Office **Nicanor Reyes Street,
Sampaloc, Manila
1015**
Postal Code
9. Registrant's Telephone Number **(632) 8-849-4000**
including Area Code
10. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.
11. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock, ₱100.00 par value	24,055,763
Bond with Non-Detachable Warrant, ₱1.00 per unit	Not Applicable

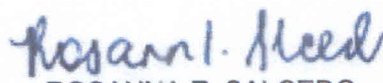
12. All of these common securities are listed with the Philippine Stock Exchange, Inc.
13. Has filed all reports required during the preceding 12 months (or for such shorter period required to file such reports):
- a) Sections 17 of the Code and SRC Rule 17
- Yes [☒] No [☐]
- b) Sections 26 and 141 of the Corporation Code of the Philippines
- Yes [☒] No [☐]

Financial Information

Item 1. Quarterly Financial Statements attached.

FAR EASTERN UNIVERSITY, INCORPORATED


KRISTINE ANNE B. ESTABLE
Chief Accountant


ROSANNA E. SALCEDO
Chief Finance Officer
and Treasurer

Manila
13 January 2025

Management's Discussion and Analysis

The Far Eastern University, Incorporated (FEU) and its subsidiaries (the Group, or FEU Group of Schools) believes in education as the core foundation in nation-building and its importance to students who benefit from quality instruction, research and community integration.

The Group's six-month results for the school year (SY) 2024-2025 remains strong, backed by a healthy core operation which benefits from the increase in student population and effective cost management initiatives. Operating cash flows remain stable, and earnings are expected to be sustained in the next half of the year.

Consolidated Financial Position

As of November 30, 2024, the Group's consolidated financial position remained strong and stable. Resources were managed and utilized to ensure that ideal levels of solvency and liquidity are sustained and that liabilities, both short-term and long-term, were appropriately covered.

<i>(Amounts in millions)</i>	November 30, 2024	May 31, 2024	Increase/ (Decrease)	Change (%)
Total Assets	₱ 19,885.3	₱ 18,520.8	₱ 1,364.5	7%
Total Liabilities	4,887.6	3,839.5	1,048.1	27%
Equity	14,997.8	14,681.3	316.4	2%

The Group's consolidated total assets increased by 7% to ₱19,885.3 million as of the report date. Current assets grew by 24% or ₱1,252.1 million arising from the increase in cash and student receivables, while non-current assets went up by ₱112.4 million to ₱13,355.8 million.

Consolidated total liabilities increased by ₱1,048.1 million or 27% to ₱4,887.6 million as current liabilities grew by ₱1,278.6 million. This growth in current liabilities is primarily attributable to deferred tuition revenues, which increased by ₱1,275.9 million from the ₱45.4 million balance at the beginning of the year. On the other hand, noncurrent liabilities were reduced by ₱230.5 million as a result of the repayment of loan obligations.

The accumulation of student receivables mainly drives the growth in the consolidated total assets, while deferred tuition revenues mainly caused the consolidated total liabilities to increase, both of which were due to the normal cycle of student enrollments. Both are expected to decline at the end the current semester.

The Group's consolidated total equity stood at ₱14,997.8 million, with a steady growth of ₱316.4 million from its balance of ₱14,681.3 million at the beginning of the year.

Below are real accounts with the most significant changes as of November 30, 2024 compared to May 31, 2024:

	November 30, 2024	May 31, 2024	Increase (Decrease)	%
Cash and cash equivalents	1,820,264,277	1,713,413,164	106,851,113	6%
Trade and other receivables – net	2,224,109,508	1,139,275,967	1,084,833,541	95%
Financial assets at fair value through profit or loss (FVTPL)	1,763,763,671	1,644,447,140	119,316,531	7%
Deferred revenues	1,321,351,237	45,424,382	1,275,926,855	2809%
Retained earnings	9,718,315,127	9,473,383,996	244,931,131	3%

Cash and cash equivalents increased due to the net positive cash flows from operating activities.

Trade and other receivables increased mainly due to the intake of enrollment for the first semester of SY 2024-2025.

Financial assets at FVTPL increased due to favorable fair value changes of investments in local equities.

Deferred revenues represent the assessed tuition fees which will be realized as income upon delivery of instruction for the remaining period of the first semester. The balance as of May 31, 2024 consists of the advance payments by incoming freshmen who enrolled early for SY 2024-2025.

Retained earnings were lower as a result of dividends declared and paid in the second quarter of the year.

Consolidated Results of Operation

For six months ended November 30, 2024, the Group registered a net income of ₱651.4 million.

(Amounts in millions)	November 30, 2024	November 30, 2023	Increase/ (Decrease)	Change (%)
Revenues	₱ 2,337.9	₱ 2,176.9	₱ 161.0	7%
Operating expenses	1,779.4	1,538.3	241.1	16%
Operating income	558.5	638.6	(80.1)	(13%)
Other income	181.0	48.4	132.6	274%
Income before tax	739.4	687.0	52.4	8%
Net income	651.4	608.6	42.8	7%

Operating expenses increased by 16% on account of accruals and earlier recognition of certain operating expenses, outweighing the 7% revenue growth.

Results from non-core operations grew as the fair value gains and other income earned from investments improved.

The Group remains optimistic that it will sustain its sound financial position and positive results of operations in the second half of SY 2024-2025. Management continues to take a conservative outlook of the economy and a prudent stance in the implementation of its overall operational plans.

Shown below are the main profit or loss accounts with significant changes during the six months ended November 30, 2024 and 2023:

	2024	2023	Increase/ (Decrease)	%
Salaries and employee benefits	897,526,031	802,219,843	95,306,188	12%
Professional fees	99,165,217	58,171,977	40,993,240	70%
Licenses and other subscriptions	79,745,321	43,795,761	35,949,560	82%
Finance income	223,461,458	101,792,245	121,669,213	120%
Finance cost	70,411,311	86,869,436	(16,458,125)	(19%)

Salaries and employee benefits grew due to the higher employee headcount for both administrative staff and teaching personnel as well as the yearly salary increases that took effect during the first half of the year.

Professional fees increased as honoraria were paid to industry professionals for the mentoring and guiding of students in actual work situations

Licenses and other subscriptions are higher mainly due to additional subscriptions, negotiated at the early part of the fiscal year, and an increase in student population.

Finance income includes interest income, dividends from equity investments, gains or losses on sales of investments, fair value gains or losses in financial assets at FVTPL and net foreign exchange gains or losses on United States Dollar (USD)-denominated investments. The current period increase is mainly due to positive fair value changes, particularly on investments in local shares of stock.

Finance costs decreased, primarily driven by a reduction in loan balances coupled with lower interest rates.

Key Performance Indicators

Financial Indicators

Shown below are the top financial indicators used to measure the operating performance of the Group:

Indicators	Formula	November 30, 2024 (Six Months)	May 31, 2023 (One Year)	May 31, 2022 (One Year)
PROFITABILITY RATIOS				
Return on assets	Net Income / Average Total Assets	3.4%	11%	11%
Return on equity	Net Income / Average Total Equity	4.4%	14%	15%
Earnings per share	Net Income / Average Outstanding Shares	₱ 26.35	₱ 81.13	₱ 77.92

Indicators	Formula	November 30, 2024	May 31, 2024	May 31, 2023
LIQUIDITY RATIOS				
Current ratio or Working capital ratio	Total Current Assets / Total Current Liabilities	1.60 : 1	1.88 : 1	2.25 : 1
Acid test ratio or Quick ratio	Cash and cash equivalents + Trade and Other Receivables + Investments in Financial Assets (Current) / Total Current Liabilities	1.53 : 1	1.79 : 1	2.14 : 1
SOLVENCY/FINANCIAL LEVERAGE RATIOS				
Debt-to-asset ratio	Total Liabilities / Total Assets	25%	21%	22%
Equity-to-asset ratio	Total Stockholders' Equity / Total Assets	75%	79%	78%
Debt-to-equity ratio	Total Liabilities / Total Stockholders' Equity	33%	26%	28%
Asset-to-equity ratio	Total Assets / Total Stockholders' Equity	133%	126%	128%

Non-Financial Indicators

The Group also looks at certain non-financial KPIs to measure its performance.

1. Service Standards

In terms of quality assurance, the FEU Group of Schools continues to focus on academic excellence. It consistently works toward ensuring that program offerings are competitive and industry-responsive by obtaining the relevant program accreditations from the government-regulator, and both private local and international accreditation bodies.

The University's high standard of quality has consistently been recognized by the Commission on Higher Education (CHED), as well as local and foreign accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) and the ASEAN University Network (AUN).

2. Market Acceptability

The FEU Group of Schools remains to be within the top preferred choices in its target market. The educational revenues earned, along with the enrollment numbers, during the past ten years show excellent and sustainable growth. A total of 60,000 students are now under the FEU brand and education system. Despite challenges, the revenue stream remains stable due to the unwavering acceptance by the market of the FEU-brand of quality education.

Other Items

1. The current economic condition remains stable but certain economic factors bear watching as they may affect the Group's educational income from 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 which are 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.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30 AND MAY 31, 2024
(Amounts in Philippine Pesos)

	November 30, 2024 <u>(Unaudited)</u>	May 31, 2024 <u>(Audited)</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 1,820,264,277	P 1,713,413,164
Trade and other receivables - net	2,224,109,508	1,139,275,967
Financial assets at fair value through profit or loss	1,763,763,671	1,644,447,140
Financial assets at fair value through other comprehensive income	372,101,691	358,572,543
Investment securities at amortized cost	47,208,450	75,487,826
Other current assets - net	<u>302,118,410</u>	<u>346,272,889</u>
Total Current Assets	<u>6,529,566,007</u>	<u>5,277,469,529</u>
NON-CURRENT ASSETS		
Financial assets at fair value through other comprehensive income	2,779,598,601	2,736,452,925
Investment securities at amortized cost	416,148,570	401,796,531
Investment in associates and joint venture	407,112,573	442,722,520
Property and equipment - net	9,101,381,148	9,029,081,852
Investment properties - net	233,349,632	245,492,935
Goodwill	186,487,019	186,487,019
Deferred tax assets - net	16,913,751	15,195,132
Other non-current assets	<u>214,779,641</u>	<u>186,113,733</u>
Total Non-current Assets	<u>13,355,770,935</u>	<u>13,243,342,647</u>
TOTAL ASSETS	<u><u>P 19,885,336,942</u></u>	<u><u>P 18,520,812,176</u></u>

Forward

	November 30, 2024 (Unaudited)	May 31, 2024 (Audited)
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables	P 2,052,590,128	P 2,248,014,804
Interest-bearing loans	625,716,837	426,258,503
Deferred revenues	1,321,351,237	45,424,382
Provisions	18,647,254	18,647,254
Income tax payable	69,604,022	70,942,883
	<u>4,087,909,478</u>	<u>2,809,287,826</u>
Total Current Liabilities		
NON-CURRENT LIABILITIES		
Interest-bearing loans	745,414,760	959,081,633
Post-employment benefit obligation	35,865,232	49,625,573
Deferred tax liabilities - net	12,047,871	12,047,871
Other non-current liabilities	6,328,940	9,412,310
	<u>799,656,803</u>	<u>1,030,167,387</u>
Total Non-current Liabilities		
Total Liabilities	<u>4,887,566,281</u>	<u>3,839,455,213</u>
EQUITY		
Equity attributable to owners of the parent company		
Capital stock	2,406,799,300	2,406,799,300
Treasury stock - at cost	(115,216,821)	(111,711,721)
Revaluation reserves	53,145,876	5,228,665
Other reserves	(57,785,452)	(57,785,452)
Retained earnings		
Appropriated	2,172,733,100	2,172,733,100
Unappropriated	7,545,582,027	7,300,650,896
	<u>12,005,258,030</u>	<u>11,715,914,788</u>
Total equity attributable to owners of parent company		
Non-controlling interests	2,992,512,631	2,965,442,175
	<u>14,997,770,661</u>	<u>14,681,356,963</u>
Total Equity		
TOTAL LIABILITIES AND EQUITY	<u>P 19,885,336,942</u>	<u>P 18,520,812,176</u>

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	For the Quarter		Year-to-Date	
	September 1, 2024 - November 30, 2024	September 1, 2023 - November 30, 2023	June 1, 2024 - November 30, 2024	June 1, 2023 - November 30, 2023
REVENUES				
Educational				
Tuition fees - net	P 1,649,024,235	P 1,547,711,357	P 2,219,736,031	P 2,080,348,355
Other school fees	44,804,060	27,784,748	79,280,212	58,215,040
	1,693,828,295	1,575,496,105	2,299,016,243	2,138,563,395
Rental	24,795,049	14,807,977	28,001,072	20,382,982
	1,718,623,344	1,590,304,082	2,327,017,315	2,158,946,377
OPERATING EXPENSES	(1,025,847,056)	(880,725,137)	(1,779,391,677)	(1,538,274,847)
OTHER OPERATING INCOME	3,133,508	5,312,507	10,841,895	17,921,387
OPERATING INCOME	695,909,796	714,891,452	558,467,533	638,592,917
FINANCE INCOME	151,410,700	61,229,395	223,043,864	101,792,245
FINANCE COSTS	(40,790,504)	(60,277,892)	(69,993,717)	(86,869,436)
OTHER INCOME	11,696,376	21,146,333	27,914,261	33,452,507
INCOME BEFORE TAX	818,226,368	736,989,288	739,431,941	686,968,233
TAX EXPENSE	(69,387,156)	(62,428,454)	(88,045,213)	(78,365,316)
NET INCOME	P 748,839,212	P 674,560,834	P 651,386,728	P 608,602,917
Net Income Attributable to:				
Owners of the parent company	P 729,584,112	P 664,714,719	P 629,823,339	P 591,623,257
Non-controlling interests	19,255,100	9,846,115	21,563,389	16,979,660
	P 748,839,212	P 674,560,834	P 651,386,728	P 608,602,917
Earnings Per Share				
Basic and Diluted	P 30.52	P 27.78	P 26.35	P 24.73

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	For the Quarter		Year-to-Date	
	September 1, 2024 - November 30, 2024	September 1, 2023 - November 30, 2023	June 1, 2024 - November 30, 2024	June 1, 2023 - November 30, 2023
NET INCOME	<u>P 748,839,212</u>	<u>P 674,560,834</u>	<u>P 651,386,728</u>	<u>P 608,602,917</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value gains on debt securities classified as financial assets at fair value through other comprehensive income	6,587,091	6,965,443	49,750,060	7,513,820
Item that will not be reclassified subsequently to profit or loss				
Net fair value gains (losses) on equity securities classified as financial assets at fair value through other comprehensive income	4,905,207	2,571,280	4,091,482	(3,788,246)
Gain (loss) on remeasurement of post-employment benefit plan	(417,264)	(34,910)	(417,264)	1,131,530
	<u>4,487,943</u>	<u>2,536,370</u>	<u>3,674,218</u>	<u>(2,656,716)</u>
Other Comprehensive Income	<u>11,075,034</u>	<u>9,501,813</u>	<u>53,424,278</u>	<u>4,857,104</u>
TOTAL COMPREHENSIVE INCOME	<u>P 759,914,246</u>	<u>P 684,062,647</u>	<u>P 704,811,006</u>	<u>P 613,460,021</u>
Total Comprehensive Income Attributable to:				
Owners of the parent company	P 735,152,079	P 673,967,761	P 677,740,550	P 599,809,792
Non-controlling interests	<u>24,762,167</u>	<u>10,094,886</u>	<u>27,070,456</u>	<u>13,650,229</u>
	<u>P 759,914,246</u>	<u>P 684,062,647</u>	<u>P 704,811,006</u>	<u>P 613,460,021</u>

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company										Non-controlling Interests	Total Equity								
	Capital Stock		Treasury Stock - at Cost		Revaluation Reserves		Other Reserves		Retained Earnings											
									Appropriated	Unappropriated			Total	Total						
Balance at June 1, 2024	P	2,406,799,300	(P	111,711,721)	P	5,228,665	(P	57,785,452)	P	2,172,733,100	P	7,300,650,896	P	9,473,383,996	P	11,715,914,788	P	2,965,442,175	P	14,681,356,963
Transactions with owners																				
Acquisition of treasury stock		-	(	3,505,100)		-		-		-		-		-	(	3,505,100)		-	(	3,505,100)
Cash dividends		-		-		-		-		-		(384,892,208)		(384,892,208)		(384,892,208)		-		(384,892,208)
		-	(	3,505,100)		-		-		-		(384,892,208)		(384,892,208)		(388,397,308)		-		(388,397,308)
Total comprehensive income																				
Net income for the period		-		-		-		-		-		629,823,339		629,823,339		629,823,339		21,563,389		651,386,728
Other comprehensive income		-		-		47,917,211		-		-		-		-		47,917,211		5,507,067		53,424,278
		-		-		47,917,211		-		-		629,823,339		629,823,339		677,740,550		27,070,456		704,811,006
Balance at November 30, 2024	P	2,406,799,300	(P	115,216,821)	P	53,145,876	(P	57,785,452)	P	2,172,733,100	P	7,545,582,027	P	9,718,315,127	P	12,005,258,030	P	2,992,512,631	P	14,997,770,661
Balance at June 1, 2023	P	2,406,799,300	(P	78,632,436)	(P	9,225,689)	(P	57,785,452)	P	1,463,733,100	P	6,834,406,722	P	8,298,139,822	P	10,559,295,545	P	2,964,968,059	P	13,524,263,604
Transactions with owners																				
Acquisition of treasury stock		-	(	30,983,023)		-		-		-		-		-	(	30,983,023)		-	(	30,983,023)
Cash dividends		-		-		-		-		-		(384,892,208)		(384,892,208)		(384,892,208)		-		(384,892,208)
		-	(	30,983,023)		-		-		-		(384,892,208)		(384,892,208)		(415,875,231)		-		(415,875,231)
Total comprehensive income (loss)																				
Net income for the period		-		-		-		-		-		591,623,257		591,623,257		591,623,257		16,979,660		608,602,917
Other comprehensive income (loss)		-		-		8,186,535		-		-		-		-		8,186,535	(	3,329,431)		4,857,104
		-		-		8,186,535		-		-		591,623,257		591,623,257		599,809,792		13,650,229		613,460,021
Balance at November 30, 2023	P	2,406,799,300	(P	109,615,459)	(P	1,039,154)	(P	57,785,452)	P	1,463,733,100	P	7,041,137,771	P	8,504,870,871	P	10,743,230,106	P	2,978,618,288	P	13,721,848,394

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 739,431,941	P 686,968,233
Adjustments for:		
Depreciation and amortization	280,309,622	265,352,633
Interest income	(114,342,140)	(79,915,063)
Interest expense and other finance cost	58,443,760	73,245,892
Other investment income from financial assets at fair value through profit or loss (FVTPL) and other comprehensive income (FVOCI) - net	(57,203,247)	(25,233,883)
Fair value loss (gain) from financial assets at FVTPL	(51,498,477)	3,356,701
Share in net loss of an associate	35,609,947	-
Impairment loss on receivables	18,484,104	16,865,791
Unrealized foreign exchange losses - net	11,549,957	13,623,544
Operating income before working capital changes	920,785,467	954,263,848
Increase in trade and other receivables	(1,103,344,245)	(795,345,907)
Decrease (increase) in other assets	15,822,402	(66,390,658)
Decrease in trade and other payables	(228,481,416)	(66,208,231)
Increase in deferred revenues	1,275,926,855	936,767,081
Increase (decrease) in post-employment benefit obligation	(14,177,605)	2,037,156
Increase (decrease) in other non-current liabilities	(3,083,370)	886,905
Cash generated from operations	863,448,088	966,010,194
Income taxes paid	(91,048,531)	(10,737,642)
Net Cash From Operating Activities	<u>772,399,557</u>	<u>955,272,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(331,253,143)	(153,043,267)
Interest and other finance income received	171,545,387	105,148,946
Net disposal (acquisition) of financial assets at FVTPL	(77,821,202)	108,389,065
Proceeds from maturity of investment securities at amortized cost	16,809,000	-
Additions to investment properties	(9,212,472)	(15,965,842)
Acquisition of investment securities at amortized cost	(3,630,696)	(27,567,908)
Net acquisition of financial assets at FVOCI	(3,604,458)	(184,882,164)
Increase in advances to suppliers and developers	(387,993)	(36,884,285)
Investment in an associate	-	(280,000,000)
Proceeds from disposal of property and equipment	-	2,202,408
Dividends received from an associate	-	897,435
Net Cash Used in Investing Activities	<u>(237,555,577)</u>	<u>(481,705,612)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(372,488,546)	(452,949,131)
Repayments of interest-bearing loans	(114,208,539)	(238,882,326)
Proceeds from interest-bearing loans	100,000,000	-
Interest paid	(37,790,682)	(58,573,575)
Acquisition of treasury shares	(3,505,100)	(30,983,023)
Net Cash Used in Financing Activities	<u>(427,992,867)</u>	<u>(781,388,055)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	106,851,113	(307,821,115)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,713,413,164</u>	<u>1,698,352,823</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>P 1,820,264,277</u>	<u>P 1,390,531,708</u>

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED SCHEDULE OF AGING OF NON-TRADE RECEIVABLES
NOVEMBER 30, 2024
(Amounts in Philippine Pesos)
(UNAUDITED)

	Current			Past Due	Total
	One to Six Months	Seven Months to One Year	More than One Year		
Advances to Employees - Official and Personal	P 65,842,017	P -	P -	P -	P 65,842,017
Accrued interest income	68,355,052	-	-	-	68,355,052
Receivables from:					
FEU Public Policy Center Foundation	2,399,960	5,028,992	32,316,737	-	39,745,689
Nicanor Reyes Educational Foundation, Inc.	27,399,372	385	-	-	27,399,757
Nicanor Reyes Memorial Foundation	-	-	3,829,852	-	3,829,852
FEU Health, Welfare and Retirement Fund Plan	1,007,146	923,257	3,753,277	-	5,683,680
Others	<u>51,087,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,087,262</u>
TOTALS	<u>P 216,090,809</u>	<u>P 5,952,634</u>	<u>P 39,899,866</u>	<u>P -</u>	<u>P 261,943,309</u>

**FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2024
(With Comparative Figures as of May 31, 2024)
(Amounts in Philippine Pesos)
(UNAUDITED)**

1. CORPORATE INFORMATION

The Far Eastern University, Incorporated (the University or FEU or Parent Company) is a 96-year-old Philippine-based proprietary educational institution founded in June 1928. FEU registered with the Securities and Exchange Commission (SEC) on October 27, 1933 and became a publicly-listed corporation with the Philippine Stock Exchange (PSE) on July 11, 1986.

The University is a nonsectarian institution of learning, embracing equal opportunity, inclusivity and diversity. FEU is comprised of seven institutes as follows, each handling distinct courses and programs of study:

- Institute of Accounts, Business and Finance;
- Institute of Architecture and Fine Arts;
- Institute of Arts and Sciences;
- Institute of Education;
- Institute of Health Sciences and Nursing;
- Institute of Law; and,
- Institute of Tourism and Hotel Management

FEU was granted Autonomous Status by the Commission on Higher Education (CHED) on July 25, 2012, with extended validity until May 31, 2023. The renewal for its Autonomous Status has been approved with validity period from September 16, 2024 to September 15, 2027. Among the University's flagship programs are the Teacher Education and Business Administration which are recognized by the CHED as Center of Excellence and Center of Development, respectively.

On top of existing highly accredited programs of local accreditors, such as the Philippine Association of Colleges and Universities Commission on Accreditation and the Philippine Accrediting Association of Schools, Colleges and Universities, parallel international certifications by the ASEAN University Network – Quality Assurance were granted for 18 programs of FEU.

As of November 30 and May 31, 2024, the University holds interest in subsidiaries, associates and a joint venture presented below:

Company Name	Percentage of Effective Ownership	
	November 30, 2024	May 31, 2024
Subsidiaries:		
East Asia Computer Center, Inc. (EACCI)	100%	100%
Far Eastern College – Silang, Inc. (FEC SI)	100%	100%
FEU Alabang, Inc. (FEU AI)	100%	100%
FEU High School, Inc. (FEU High)	100%	100%
Roosevelt College, Inc. (RCI)	97.65%	97.65%
Roosevelt College Educational Enterprises (RCEE)*	97.65%	97.65%
Edustria, Incorporated (Edustria)	51%	51%
Fern Realty Corporation (FRC)	38.18%	38.18%
Associates:		
JPMC College of Health Sciences SDN BHD (JCHS)	40%	40%
Good Samaritan Colleges, Inc. (GSC)	34%	34%
Joint Venture – Higher Academia, Inc. (HAI)	50%	50%

**Indirectly through the University's ownership of RCI which owns 100% ownership interest in RCEE.*

All the subsidiaries, GSC and HAI were incorporated and are operating in the Philippines, while JCHS was incorporated and is operating in Brunei Darussalam.

The parent company and its subsidiaries are collectively referred to herein as the Group.

Except FRC, a real estate company leasing most of its investment properties to the University and other related parties, all other directly owned subsidiaries are operating as educational institutions offering basic education, junior and senior high school and/or tertiary and post graduate courses of study. RCEE, prior to the cessation of its operations, was engaged in selling educational school supplies and food items in several campuses of RCI.

2. BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These Condensed Consolidated Financial Statements (CCFS) have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS) and should be read in conjunction with the Group's audited consolidated financial statements (ACFS) as of and for the fiscal year ended May 31, 2024.

The CCFS has been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense.

3. CHANGES TO ACCOUNTING POLICIES

3.1 *Effective in Fiscal Year 2025 that are Relevant to the Group*

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to existing standards effective in fiscal year 2025 that are relevant to the Group. The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amendments did not have any significant impact on the Group's financial performance and position.

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
PAS 1 (Amendments)	:	Presentation of Financial Statements – Non-current Liabilities with Covenants
PAS 7 (Amendments) and PFRS 7 (Amendments)	:	Cash Flow Statements, Financial Instruments: Disclosures – Supplier Finance Arrangements
PAS 16 (Amendments)	:	Leases – Lease Liability in a Sale and Leaseback

3.2 *Effective Subsequent to Fiscal Year 2025 but not Adopted Early*

The effective date of the amendments to PAS 21, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability is from January 1, 2025. The amendment is not expected to have significant impact on the Group's CCFS.

4. USE OF ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the CCFS in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

There were no changes in estimates of amounts reported in prior financial periods that had a material effect in the current interim period.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 *Application of PFRS*

The significant accounting policies and methods of computation used in the preparation of these CCFS are consistent with those applied in the ACFS as of and for the fiscal year ended May 31, 2024.

There are new PFRS, annual improvements and interpretations to the existing standards that are effective for periods subsequent to 2024 but were not early adopted in the preparation of the CCFS. The CCFS, therefore, do not reflect the impact of any adoption of these new PFRS, annual improvements and interpretations to existing standards effective for periods subsequent to 2024.

5.2 *Presentation of the Condensed Consolidated Financial Statements*

The presentation of the CCFS is consistent with the most recent ACFS presentation. Regrouping of certain accounts in the comparative prior period presented was made to conform to the current period's presentation so that comparability is not impaired.

The Group presents the consolidated statement of comprehensive income separately from the consolidated statement of profit or loss in its annual financial statements. It also uses this format for this CCFS.

The following subsidiaries prepare their financial statements for their respective reporting periods using consistent accounting principles as that of the University:

<u>Subsidiaries:</u>	<u>Report Date</u>
FRC	March 31
RCEE	March 31
FECSI	May 31
FEU High	May 31
RCI	May 31
Edustria	May 31
EACCI	June 30
FEUAI	June 30

As allowed by PFRS, these subsidiaries follow their respective school years (i.e., trimestral and semestral), hence, the use of different reporting dates (non-coterminous year-ends) as compared with that of the University.

These CCFS are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the CCFS are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

5.3 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, 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.

Presented below are how the fair values of the Group's classes of financial assets and financial liabilities are determined.

a) Equity Securities

The fair values of listed common and preferred shares were valued based on their market prices quoted in the PSE at the end of each reporting period. On the other hand, the fair values of investments in UITF are generally measured based on the net asset value of the Group's investment, computed, and determined at the end of each reporting period based on the closing market and trade prices of the securities comprising the fund's portfolio. This valuation approach takes into the account the period end performance of the funds including all trades made within the funds and the related income and expenses arising therefrom.

b) Golf Club Shares

The fair value of the Group's golf club shares is derived from market which is not considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

c) 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.

5.4 Offsetting of Financial Assets and Financial Liabilities

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 (Board of Trustees) or BOD. As such, the Group's outstanding receivables from and payables to the same related parties, if any, can potentially be offset to the extent of their corresponding outstanding balances.

6. SEGMENT INFORMATION

6.1 *Business Segments*

The Group is organized into different business units based on separate entities' operational significance and timing of academic operations for purposes of management assessment of each segment. In identifying its operating segments, management generally assesses each FEU school's contribution to the Group's operations, and groups these entities. The Group's main reportable operating segment are as follows:

- (a) *FEU Main* – principally refers to the academic operations of the Parent Company, being the largest semestral entity;
- (b) *Trimestral Schools* – subsidiary schools that primarily offer engineering and information technology programs, and which operate on a trimestral academic calendar. This includes EACCI and FEUAI; and,
- (c) *Other Schools* – subsidiary schools with significant operations in senior high school and basic education programs, which is composed of FECSI, FEU High, RCI and Edustria.

This is the basis of the Group in its decision-making as reported to its strategic steering committee.

The Group also reports on geographical segments, based on two major geographical areas where FEU schools are located, i.e., within the National Capital Region (NCR) and Outside NCR.

6.2 *Segment Assets and Liabilities*

Segment assets are allocated based on their direct association with a specific segment.

Segment liabilities include all operating liabilities as presented in the consolidated statements of financial position.

6.3 *Intersegment Transactions*

Segment revenues, expenses and performance include revenues and purchases between business and geographic segments. Such services and purchases are eliminated in consolidation.

6.4 *Analysis of Segment Information*

The Group's business segments analyzed based on operational significance and timing of academic operations, for the six months ended November 30, 2024 and 2023, and as of November 30 and May 31, 2024 are presented in the following page (in thousands).

	<u>FEU Main</u>	<u>Trimestral Schools</u>	<u>Other Schools</u>	<u>Total</u>
<u>November 30, 2024 (Unaudited)</u>				
Segment revenues				
From external customers	P 1,325,544	P 604,456	P 394,244	P 2,324,244
Intersegment revenues	<u>20,671</u>	<u>-</u>	<u>-</u>	<u>20,671</u>
Total revenues	1,346,215	604,456	394,244	2,344,915
Operating expenses excluding depreciation and amortization, and impairment loss	(930,679)	(316,526)	(311,019)	(1,558,224)
	415,536	287,930	83,225	786,691
Depreciation and amortization	(131,885)	(86,960)	(51,142)	(269,987)
Impairment loss	(3,564)	(6,601)	(8,319)	(18,484)
Finance income	112,878	98,967	3,114	214,959
Finance cost	(42,124)	(16,262)	(11,606)	(69,992)
Other income – net	<u>62,746</u>	<u>184</u>	<u>12,370</u>	<u>75,300</u>
Income before tax	413,587	277,258	27,642	718,487
Tax expense	(44,879)	(23,863)	(5,801)	(74,543)
Segment net income	<u>P 368,708</u>	<u>P 253,395</u>	<u>P 21,841</u>	<u>P 643,944</u>
Segment assets	<u>P 11,100,141</u>	<u>P 7,720,139</u>	<u>P 4,790,493</u>	<u>P 23,610,773</u>
Segment liabilities	<u>P 3,895,392</u>	<u>P 1,169,850</u>	<u>P 1,913,362</u>	<u>P 6,978,604</u>
<u>November 30, 2023 (Unaudited)</u>				
Segment revenues				
From external customers	P 1,293,423	P 513,304	P 358,459	P 2,165,186
Intersegment revenues	<u>20,961</u>	<u>-</u>	<u>-</u>	<u>20,961</u>
Total revenues	1,314,384	513,304	358,459	2,186,147
Operating expenses excluding depreciation and amortization, and impairment loss	(793,505)	(268,384)	(269,537)	(1,331,426)
	520,879	244,920	88,922	854,721
Depreciation and amortization	(124,091)	(84,399)	(47,528)	(256,018)
Impairment loss	(1,818)	(8,359)	(6,690)	(16,867)
Finance income	78,241	38,102	2,416	118,759
Finance cost	(66,512)	(6)	(20,350)	(86,868)
Other income – net	<u>9,420</u>	<u>26,422</u>	<u>742</u>	<u>36,584</u>
Income before tax	416,119	216,680	17,512	650,311
Tax expense	(38,932)	(23,087)	(3,865)	(65,884)
Segment net income	<u>P 377,187</u>	<u>P 193,593</u>	<u>P 13,647</u>	<u>P 584,427</u>
<u>May 31, 2024 (Audited)</u>				
Segment assets	<u>P 10,620,084</u>	<u>P 6,991,679</u>	<u>P 4,350,530</u>	<u>P 21,962,293</u>
Segment liabilities	<u>P 3,427,305</u>	<u>P 713,514</u>	<u>P 1,497,716</u>	<u>P 5,638,535</u>

The Group's geographical segment, which is based on the location of all the Group's school campuses, for the six months ended November 30, 2024 and 2023, and as of November 30 and May 31, 2024 follows (in thousands):

	<u>NCR</u>	<u>Outside NCR</u>	<u>Total</u>
<u>November 30, 2024 (Unaudited)</u>			
Segment revenues			
From external customers	P 2,030,356	P 293,888	P 2,324,244
Intersegment revenues	<u>20,671</u>	<u>-</u>	<u>20,671</u>
Total revenues	2,051,027	293,888	2,344,915
Operating expenses excluding depreciation and amortization, and impairment loss	(<u>1,343,289</u>)	(<u>214,935</u>)	(<u>1,558,224</u>)
	707,738	78,953	786,691
Depreciation and amortization	(223,703)	(46,284)	(269,987)
Impairment loss	(11,654)	(6,830)	(18,484)
Finance income	214,901	58	214,959
Finance cost	(58,392)	(11,600)	(69,992)
Other income – net	<u>68,545</u>	<u>6,755</u>	<u>75,300</u>
Income before tax	697,435	21,052	718,487
Tax expense	(<u>68,742</u>)	(<u>5,801</u>)	(<u>74,543</u>)
Segment net income	<u>P 628,693</u>	<u>P 15,251</u>	<u>P 643,944</u>
Segment assets	<u>P 19,314,724</u>	<u>P 4,296,049</u>	<u>P 23,610,773</u>
Segment liabilities	<u>P 5,346,425</u>	<u>P 1,632,179</u>	<u>P 6,978,604</u>
<u>November 30, 2023 (Unaudited)</u>			
Segment revenues			
From external customers	P 1,907,255	P 257,931	P 2,165,186
Intersegment revenues	<u>20,961</u>	<u>-</u>	<u>20,961</u>
Total revenues	1,928,216	257,931	2,186,147
Operating expenses excluding depreciation and amortization, and impairment loss	(<u>1,140,821</u>)	(<u>190,605</u>)	(<u>1,331,426</u>)
	787,395	67,326	854,721
Depreciation and amortization	(212,659)	(43,359)	(256,018)
Impairment loss	(13,161)	(3,706)	(16,867)
Finance income	118,326	433	118,759
Finance cost	(66,525)	(20,343)	(86,868)
Other income – net	<u>35,842</u>	<u>742</u>	<u>36,584</u>
Income before tax	649,218	1,093	650,311
Tax expense	(<u>63,661</u>)	(<u>2,223</u>)	(<u>65,884</u>)
Segment net income (loss)	<u>P 585,557</u>	<u>(P 1,130)</u>	<u>P 584,427</u>
<u>May 31, 2024 (Audited)</u>			
Segment assets	<u>P 18,026,626</u>	<u>P 3,935,667</u>	<u>P 21,962,293</u>
Segment liabilities	<u>P 4,349,704</u>	<u>P 1,288,831</u>	<u>P 5,638,535</u>

6.5 Reconciliation

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its CCFS (in thousands):

	November 30, 2024 <u>(Unaudited)</u>	November 30, 2023 <u>(Unaudited)</u>
Revenues		
Segment revenues	P 2,344,915	P 2,186,147
Elimination of intersegment revenues	(20,671)	(20,961)
Unallocated corporate revenues	<u>13,615</u>	<u>11,682</u>
Revenues as reported in condensed consolidated statements of profit or loss	<u>P 2,337,859</u>	<u>P 2,176,868</u>
Profit or loss		
Segment net income	P 643,944	P 584,427
Unallocated corporate net income	47,398	42,512
Elimination of intersegment transactions	<u>(39,955)</u>	<u>(18,336)</u>
Net income as reported in condensed consolidated statements of profit or loss	<u>P 651,387</u>	<u>P 608,603</u>
	November 30, 2024 <u>(Unaudited)</u>	May 31, 2024 <u>(Audited)</u>
Assets		
Segment assets	P 23,610,773	P 21,962,293
Elimination of intercompany accounts	(5,717,800)	(5,387,108)
Unallocated corporate assets	1,805,877	1,759,140
Goodwill	<u>186,487</u>	<u>186,487</u>
Total assets reported in condensed consolidated statements of financial position	<u>P 19,885,337</u>	<u>P 18,520,812</u>
Liabilities		
Segment liabilities	P 6,978,604	P 5,638,535
Elimination of intercompany accounts	(2,227,005)	(1,944,366)
Unallocated corporate accounts	<u>135,967</u>	<u>145,286</u>
Total liabilities reported in condensed consolidated statements of financial position	<u>P 4,887,566</u>	<u>P 3,839,455</u>

7. FINANCIAL ASSETS AND LIABILITIES

7.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of financial assets and financial liabilities measured at fair value and an investment carried at amortized cost but whose fair value is required to be disclosed are shown below:

	<u>November 30, 2024 (Unaudited)</u>		<u>May 31, 2024 (Audited)</u>	
	<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
Financial assets				
At FVOCI –				
Debt and equity securities	P 3,151,700,292	P 3,151,700,292	P 3,095,025,468	P 3,095,025,045
At FVTPL –				
Equity securities and UITF	1,763,763,671	1,763,763,671	1,644,447,140	1,644,447,140
At amortized cost –				
Debt securities	<u>463,357,020</u>	<u>460,879,973</u>	<u>477,284,357</u>	<u>474,520,710</u>
	<u>P 5,378,820,983</u>	<u>P 5,376,343,936</u>	<u>P 5,216,756,965</u>	<u>P 5,213,993,318</u>
Financial liabilities				
At amortized cost –				
Interest-bearing loans	<u>P 1,371,131,597</u>	<u>P 1,137,864,856</u>	<u>P 1,385,340,136</u>	<u>P 1,127,376,045</u>

Except for the financial assets and financial liabilities presented above, cash and cash equivalents, short-term investments, long-term investments, trade and other payables and refundable deposit, 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 5.3).

Management has determined that the carrying amounts of the other financial instruments are equal to or approximate their fair values; hence, no further comparison between their carrying amounts and fair values is presented.

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 12.

7.2 Financial Instruments Measurement at Fair Value

The foregoing tables show 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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>November 30, 2024 (Unaudited)</u>				
Financial assets at FVOCI –				
Debt and equity securities	P3,148,500,292	P 3,200,000	P -	P 3,151,700,292
Financial assets at FVTPL –				
Equity securities and UITF	907,398,701	856,364,970	-	1,763,763,671
Investment securities at amortized cost –				
Debt securities	<u>460,879,973</u>	<u>-</u>	<u>-</u>	<u>460,879,973</u>
	<u>P4,516,778,966</u>	<u>P 859,564,970</u>	<u>P -</u>	<u>P 5,376,343,936</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>May 31, 2024 (Audited)</u>				
Financial assets at FVOCI –				
Debt and equity securities	P3,091,825,468	P 3,200,000	P -	P 3,095,025,468
Financial assets at FVTPL –				
Equity securities and UITF	829,910,608	814,536,532	-	1,644,447,140
Investment securities at				
amortized cost –				
Debt securities	<u>474,520,710</u>	<u>-</u>	<u>-</u>	<u>474,520,710</u>
	<u>P4,396,256,786</u>	<u>P 817,736,532</u>	<u>P -</u>	<u>P 5,213,993,318</u>

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

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

As of November 30 and May 31, 2024, the fair value of debt securities categorized as investments at amortized cost amounted to P460.9 million and P474.5 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 7.2).

For interest-bearing loans with more than one year of maturity, its estimated fair value represents the discounted amount of the future cash flows expected to be paid which are discounted at current market rates. The fair values of the Group's interest-bearing loans are classified under Level 3 of the fair value hierarchy.

Other than the investment securities at amortized cost and interest-bearing loans, management has determined that due to the short-term duration of the other financial assets and financial liabilities measured at amortized costs of the Group, their fair values as at November 30 and May 31, 2024, equal or approximate their carrying amounts. Accordingly, the Group did not present a comparison of their fair values with their carrying amounts and correspondingly, their level in the fair value hierarchy.

Nevertheless, if presented in the hierarchy, only cash and cash equivalents and short-term investments would fall under Level 1 and the rest would be under Level 3.

8. INVESTMENT PROPERTIES

The Group's investment property includes a parcel of land and buildings and improvements which are held for investment purposes only, either to earn rental income or for capital appreciation or both. The gross carrying amounts and accumulated depreciation and amortization of investment property as of November 30 and May 31, 2024, are shown below.

	November 30, 2024 (Unaudited)	May 31, 2024 (Audited)
Cost	P 660,530,294	P 651,317,822
Accumulated depreciation and amortization	(427,180,662)	(405,824,887)
Net carrying amount	<u>P 233,349,632</u>	<u>P 245,492,935</u>

A reconciliation of the carrying amounts of investment property at the beginning and end of six months ended November 30, 2024 and the year ended May 31, 2024 is shown below.

	November 30, 2024 (Unaudited)	May 31, 2024 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	P 245,492,935	P 203,091,499
Additions	9,212,472	109,940,581
Disposals	-	(36,919,391)
Reclassifications	-	13,301,447
Depreciation and amortization charges for the period	(21,355,775)	(43,921,201)
Balance at end of period net of accumulated depreciation and amortization	<u>P 233,349,632</u>	<u>P 245,492,935</u>

8.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounted to P28.0 million and P20.4 million for the six months ended November 30, 2024 and 2023, respectively. The direct operating expenses, which include depreciation and amortization, insurance and real property taxes incurred by the Group relating to investment properties, are presented as part of Depreciation and amortization, Property insurance, and Taxes and licenses under Costs and Operating Expenses in the consolidated statements of profit or loss.

8.2 Fair Value Measurement of Investment Properties

The fair values (which is at Level 3) of the Group's investment properties presented below are determined on the basis of the latest appraisals performed by an independent appraiser in July 2024 and cover the period ended November 30, 2024 and the year ended May 31, 2024.

The valuation process was conducted by the appraiser, with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations, to some extent in discussion with the Group'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 with an average of 5% to 10% adjustment.

	<u>November 30, 2024</u>	<u>May 31, 2024</u>
Land	P 606,684,771	P 606,684,771
Building and improvements	<u>171,601,875</u>	<u>162,389,403</u>
	<u>P 778,286,646</u>	<u>P 769,074,174</u>

There were no known events that may have devalued the properties from its most recent appraisal.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment as of November 30 and May 31, 2024, are shown below.

	<u>November 30, 2024</u> <u>(Unaudited)</u>	<u>May 31, 2024</u> <u>(Audited)</u>
Cost	P 13,973,673,264	P 13,642,420,121
Impairment loss	(2,804,402)	(2,804,402)
Accumulated depreciation and amortization	(<u>4,869,487,714</u>)	(<u>4,610,533,867</u>)
Net carrying amount	<u>P 9,101,381,148</u>	<u>P 9,029,081,852</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of the six months ended November 30, 2024 and the year ended May 31, 2024 is shown below.

	<u>November 30, 2024</u> <u>(Unaudited)</u>	<u>May 31, 2024</u> <u>(Audited)</u>
Balance at beginning of period net of accumulated depreciation and amortization	P 9,029,081,852	P 8,906,955,473
Additions	331,253,143	677,507,425
Reclassifications	-	(13,301,447)
Depreciation and amortization charges for the period	(<u>258,953,847</u>)	(<u>542,079,599</u>)
Balance at end of period net of accumulated depreciation and amortization	<u>P 9,101,381,148</u>	<u>P 9,029,081,852</u>

10. LEASES

The Group has leases for certain school buildings, transportation equipment and event venues.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantial termination fee. Some leases contain an extension of the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leased offices, the Group must keep those properties in a good state of repair and return the properties in good condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The remaining current portion of lease liabilities is presented in the consolidated statement of financial position as part of Trade and other payables amounting to P2.4 million as of November 30 and May 31, 2024.

11. INTEREST-BEARING LOANS

The composition of the Group's outstanding loans is shown below.

	November 30, 2024 (Unaudited)		May 31, 2024 (Audited)
Current	P 625,716,837	P	426,258,503
Non-current	745,414,760		<u>959,081,633</u>
	<u>P 1,371,131,597</u>	P	<u>1,385,340,136</u>

The movements in the Group's outstanding loans are shown below.

	November 30, 2024 (Unaudited)		May 31, 2024 (Audited)
Balance at beginning of period	P 1,385,340,136	P	1,811,598,640
Payments	(114,208,539)	(	426,258,504)
Availment	<u>100,000,000</u>		<u>-</u>
Balance at end of period	<u>P 1,371,131,597</u>	P	<u>1,385,340,136</u>

The total interest incurred by the Group on all of these loans, amounting to P48.1 million and P67.4 million for the six months ended November 30, 2024 and 2023, respectively, are presented as part of Finance Costs in the condensed consolidated statements of profit or loss, while any outstanding interest payable is recognized as part of Trade and Other Payables in the condensed consolidated statements of financial position.

As of November 30 and May 31, 2024, there are no assets used and/or required as collaterals for the Group's interest-bearing loans and borrowings.

Loans obtained from a local commercial bank are subject to loan covenants effective for the periods ended November 30 and May 31, 2024, which require the Group to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1. As of November 30 and May 31, 2024, the Group has complied with its loan covenants.

12. 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 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 below and in the succeeding pages.

12.1 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 risk arise from certain cash and cash equivalents, financial assets at FVOCI and investment securities at amortized cost which are denominated in United States dollars (USD).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored and kept at a reasonable level to needs.

(b) Interest Rate Risk

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures arising from interest-bearing financial instruments which are subject to variable interest rates. These include a portion of the cash and cash equivalents, financial assets at FVOCI, short-term investments, long-term investments and interest-bearing loans.

All other financial assets and financial liabilities have fixed interest rates.

The Group manages its interest risk by leveraging the fixed interest rate financial instruments over the floating interest rate financial instruments.

(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 Financial Assets at FVTPL and Financial Assets at FVOCI accounts in the consolidated statements of financial position. These consist of publicly listed equity securities which are carried at fair value.

The Group manages exposures to price risk by monitoring the changes in the market price of the investments and to some extent, diversifying the investment portfolio in accordance with the limit set by management.

Except for those that are held for trading and managed by trustee-banks, the investments in listed equity securities 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. The investments are continuously monitored; to ensure that returns of these equity instruments are timely utilized or reinvested and voting rights arising from these equity instruments are in the Group's favor.

12.2 Credit Risk

Credit risk represents the loss that the Group would incur if the counterparty failed to perform its contractual obligations. The credit risk for cash and cash equivalents, short-term investments (presented as part of Other Current Assets), financial assets at FVOCI and investment securities at amortized cost is considered negligible, since the counterparties are reputable financial institutions and private companies with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements.

The Group's exposure to credit risk on its receivables related primarily to the inability of the debtors, majority of which are 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. Moreover, the Group's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

The Group has no significant exposure to any individual 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 Group's financial assets are secured by collateral or other credit enhancements.

With respect to credit risk arising from its financial assets, the Group's maximum exposure is equal to the carrying amount of these instruments. Other than the exposure to credit risk on the Group's receivables from students, the risk is minimal as these financial assets and investments are with reputable corporations, financial institutions and/or with related parties.

The Group has no past due but unimpaired financial assets at end of each period.

The Group's management considers that all its financial assets are not impaired and of good credit quality, except those provided with allowance for impairment at the end of the reporting periods.

12.3 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.

13. EQUITY

13.1 Capital Stock

The University's authorized capital stock was 50,000,000 shares as of November 30 and May 31, 2024, of which 24,093,094 were issued and with par value of P100 per share.

Below is the ownership structure of the University's outstanding shares as of November 30 and May 31, 2024.

	November 30, 2024 (Unaudited)	May 31, 2024 (Audited)
Number of shares held by related parties	15,090,586	15,084,775
Number of shares held by the public	<u>8,813,232</u>	<u>8,824,417</u>
Total shares issued and outstanding	<u><u>23,903,818</u></u>	<u><u>23,909,192</u></u>

As of November 30 and May 31, 2024, the public owns 36.87% and 36.91%, respectively, of the University's listed shares.

As of November 30 and May 31, 2024, there are 1,470 and 1,445 holders, respectively, of the listed common shares owning at least one board lot.

All shares of the University are listed on the PSE. There has been no follow-on listing since the initial listing in 1986 at an offer price of P100. The closing price of the University's listed shares was P711 and P699.5 per share as of November 30 and May 31, 2024, respectively.

13.2 Treasury Stock

This account includes the University's common shares acquired by FRC on various dates and held as of November 30 and May 31, 2024. The changes in the market values of these shares, which are recognized as fair value gains or losses by FRC, were eliminated in full and not recognized in the consolidated financial statements. The Group's treasury stocks amounted to P115.2 million and P111.7 million as of November 30 and May 31, 2024, respectively.

A portion of the University's retained earnings is restricted from dividend declaration up to the cost of treasury stocks, excluding the amount acquired and held by FRC as this is considered as a crossholding as of the end of the reporting period.

13.3 Retained Earnings

Significant transactions affecting Retained Earnings, which is also legally restricted at an amount equivalent to the cost of the University's treasury stock of P3.7 million, are presented in the following page.

(a) Appropriation of Retained Earnings

As of November 30 and May 31, 2024, the University's Appropriated Retained Earnings consists of appropriations for:

Property and investment acquisition	P	1,417,000,000
Purchase of equipment and improvements		662,000,000
Contingencies		90,000,000
Treasury shares		<u>3,733,100</u>
	P	<u>2,172,733,100</u>

As projects and capital expenditures are annually revisited and would involve several projects, timeline with level of exactness is not defined, instead are recalibrated year on year. No appropriation or reversal of appropriation has been made for the period ended November 30, 2024.

(b) Dividend Declaration

The University's BOT approved the following dividend declarations during the periods ended:

	<u>Declaration</u>	<u>Date of Record</u>	<u>Payment/Issuance</u>	<u>Amount</u>
<u>November 30, 2024</u>				
Cash dividend of P16 per share	September 17, 2024	October 1, 2024	October 17, 2024	P <u>384,892,208</u>
<u>May 31, 2024</u>				
Cash dividend of P16 per share	September 19, 2023	October 3, 2023	October 13, 2023	P 382,547,360
Cash dividend of P16 per share	February 20, 2024	March 5, 2024	March 20, 2024	<u>382,547,360</u>
				P <u>765,094,720</u>

13.4 *Subsidiaries with Material Non-controlling Interest*

(a) *FRC*

Management considers that the University has de facto control over FRC even though it holds less than 50% of the voting shares of stock of FRC, because it is exposed or has right to variable returns through its power over FRC (see Note 1).

(b) *EACCI and FEUAI*

Both non-controlling interests in EACCI and FEUAI relate to non-voting preferred shares. As of November 30 and May 31, 2024, the total cost of preferred shares issued and outstanding of EACCI and FEUAI amounts to P1.2 billion and P750.0 million, respectively.

(c) *Edustria Incorporated*

Upon incorporation of Edustria, the Parent Company subscribed to 255.0 million shares at P1.0 par value, representing 51% of the 500.0 million total issued and outstanding shares of Edustria, of which 70% was settled. In 2023, the remaining 30% of the total subscribed shares of Edustria, amounting to P150.0 million, was paid by the Parent Company and NCI, according to their respective percentage shares.

The NCI of Edustria amounting to P103.7 million is presented as part of Non-controlling Interest account in the condensed consolidated statements of financial position.

14. EARNINGS PER SHARE

Earnings per share amounts for the six months ended November 30, 2024 and 2023 were computed as follows:

	November 30, 2024 <u>(Unaudited)</u>	November 30, 2023 <u>(Unaudited)</u>
Net income attributable to owners of the parent company	P 629,823,339	P 591,623,257
Divided by weighted average number of shares outstanding, net of treasury stock	<u>23,904,914</u>	<u>23,924,420</u>
Basic and diluted earnings per share	<u>P 26.35</u>	<u>P 24.73</u>

The University has no dilutive potential common shares as of November 30, 2024 and 2023; the diluted earnings per share and the basic earnings per share is the same.

15. 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 adjusts it, in consonance with 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 the monitoring of capital in proportion to risks.

The Group monitors capital based on debt-to-equity ratio, which is calculated as total adjusted liabilities i.e., excluding deferred revenues divided by total adjusted equity (comprised of capital stock, stock dividends distributable and retained earnings) attributable to owners of the parent company. Capital for the reporting periods is summarized below.

	November 30, 2024 (Unaudited)	May 31, 2024 (Audited)
Total adjusted liabilities	P 3,566,215,044	P 3,794,030,831
Total adjusted equity attributable to owners of the parent company	<u>12,125,114,427</u>	<u>11,880,183,296</u>
Debt-to-equity ratio	<u>0.29 : 1.00</u>	<u>0.32 : 1.00</u>

The Group'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. This is in line with the Group's bank covenants related to its borrowings, which require the Group to maintain debt-to-equity ratio of not more than 2.00: 1.00 and debt service coverage ratio of at least 1.2x.

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio and debt service coverage ratio for all the periods presented.

There was no significant change in the Group's approach to capital management during the most recent period presented.

16. COMMITMENTS AND CONTINGENCIES

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

16.1 Capital Commitments

As of November 30 and May 31, 2024, FRC has commitments of about P3.8 million for the condominium units acquired at pre-selling stage that are currently under construction.

16.2 Operating Lease Commitments as Lessor

FRC is a lessor under various operating lease agreements with several non-related parties for a period of one to 30 years. FRC also receives customer and security deposits relevant to its leasing activities as a lessor which is recognized under Other Non-current Liabilities in the consolidated statements of financial position.

Future minimum rental receivables which are collectible within one year, excluding contingent rental, under these operating leases amounts to P8.8 million as of November 30 and May 31, 2024, respectively.

16.3 Other Contingencies

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

17. SEASONALITY OF OPERATIONS

Tuition fee revenue is subject to seasonal fluctuations. Revenue for a particular school year (SY) is earned only starting in August, based on the current academic calendar.

For the University and FECSI (FEU Cavite), there are three school terms within a fiscal year: Midyear term (June to July); First semester (August to December); and Second semester (January to May).

The first semester has the highest number of students enrolled. The second semester enrollment is approximately at least 90% of the first semester's enrollment, while the midyear term is the lowest at an approximate at least of 30%. The maximum load, in terms of subject units, of a student during the midyear term is only nine units compared to the 21 to 24 units during the first and second semesters.

For EACCI (FEU Tech) and FEUAI (FEU Alabang), there are three regular terms in a fiscal year: First term (August to November), Second term (December to March) and Third term (April to June).

The tuition fee increase, if any, usually takes effect during the first semester/trimester of a particular SY. Thus, old rates are followed during the midyear term/third trimester of the previous SY, while new rates are applied during the first semester/trimester and succeeding terms of the current SY.

18. APPROVAL FOR THE ISSUANCE OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The CCFS of the Group for the six months ended November 30, 2024 (including the comparatives for the six months ended November 30, 2023) were authorized for issue by the Audit Committee of the BOT on January 10, 2024.