



ANNUAL REPORT 2016

FAR EASTERN UNIVERSITY





Dr. Nicanor Reyes, Sr.
Founder and First President

ANNUAL REPORT 2016



FAR EASTERN UNIVERSITY
MANILA

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Lourdes R. Montinola

88, 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.; President, MEMORARE-Manila 1945 Foundation, Inc.; Board Member, The English Speaking Union. She is also a Member of the Museum Foundation of the Philippines, Inc., the Oriental Ceramic Society, the Heritage Conservation Society, HABI: The Philippine Textile Council, Inc. and the Asia Society Philippine Foundation, 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.



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., East Asia Computer Center, Inc., Nicanor Reyes Educational Foundation, Inc., World Wildlife Fund Philippines and Roosevelt College, Inc. (effective May 12, 2016); Vice Chairman, Philippine Business for Education Foundation (PBED); Trustee, Makati Business Club and Member, Management Association of the Philippines.

He is also a Director of the Bank of the Philippine Islands, a listed corporation.

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.



Michael M. Alba

59, 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., Far Eastern College Silang, Inc., FEU Alabang, Inc., and Roosevelt College, Inc. (effective May 12, 2016). His affiliations include, among others: Philippine Association of Colleges and Universities (Board Member and Chair, Industry-Academe Linkage Committee), 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), St. John's Institute Foundation (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.



Angelina Palanca Jose

63, Filipino: Trustee (June 1990 to present) and Corporate Secretary, Far Eastern University, Inc. (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 FEU Alabang, Inc.; Chair and President, Angel C. Palanca Peace Program Foundation, 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).



Paulino Y. Tan

69, Filipino: Trustee, Far Eastern University, Inc. (June 1991 to present)

Other Business Experience: Chairman of FEU Alabang, Inc. 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, Far Eastern College Silang, Inc., and Roosevelt College, Inc. (effective May 12, 2016).

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.



Antonio R. Montinola

63, 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).



Sherisa P. Nuesa

61, Filipino: Independent Trustee, Far Eastern University (August 2010 to present)

Her other affiliations include: President and Board Director, ALFM Mutual Funds Group and Independent Director, Generika/Actimed Group, East Asia Computer Center, Inc. and FERN Realty Corporation. She is also an Independent Trustee of East Asia Educational Foundation, an Independent Governor of the FEU Health, Welfare and Retirement Fund Plan. She is a Trustee of Institute of Corporate Directors (ICD), Financial Executives Institute of the Philippines (FINEX) Foundation, and Integrity Initiative, Inc., and a Senior Board Adviser of Metro Retail Stores Group, Inc.

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 attended post-graduate management programs at Harvard Business School and Stanford University. She received the ING -FINEX CFO of the Year award in 2008.

Edilberto C. de Jesus

73, 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. and Roosevelt College, Inc. (effective May 12, 2016).

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).

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., Willis Towers Watson Insurance Brokers Philippines, Inc. and St. Theodore of Tarsus Hospital Sagada, Inc.; Independent Director, China Bank Savings, Inc., Planter's Development Bank, SEAOIL Philippines, Inc., and CBC Investment Corporation, Inc.; Independent Trustee, Roosevelt College, Inc. (effective May 12, 2016).

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).





CHAIRMAN'S MESSAGE

"We remain committed to our core values of an affordable, accessible quality education for students and a meaningful career for faculty and employees."

On behalf of the Board of Trustees, I would like to welcome you to another event-filled year for Far Eastern University.

Strategic Plan

We continue to make progress on our five-year Strategic Plan.

Academically, we have made great strides. We retained our Autonomous Status for another three years. The Commission of Higher Education (CHED) awarded us Center of Excellence (COE) Awards in Bachelor

of Elementary Education and Bachelor of Secondary Education, as well as a Center of Development (COD) in Business Administration. The Philippine Association of Colleges and Universities Committee on Accreditation (PACUCOA) elevated 8 programs to Level IV Accreditation. Finally, we received two international accreditations in Tourism and Hotel Management.

Regarding employment, we marginally improved to 5th place in the Job Street survey for schools with the most employable graduates. Our estimate, based on a limited survey, is that over 90% of our graduates are able to get jobs after graduation, pursue postgraduate courses, or start a business.

In terms of facilities, we had a groundbreaking for a campus in Filinvest Alabang, and we renovated our Nursing Building in time for the opening of a FEU Senior High School in Manila. We also built two innovative interactive classrooms to highlight education technology changes.

The landmark K-12 national program to require Senior High School subjects will start this June, resulting in a drop of around 7,000 students due to minimal freshmen enrolment. However, we hope to offset this with corporate actions we will discuss under Subsequent Events.

Financial Results

Your company remains financially strong and secure.

Revenues grew 10%, and for the first time, breached the Php3 billion level due to additional students primarily from the FEU Institute of Technology. Overall student population rose 8% to 34,000.

Expenses rose 8%, mainly due to a one time voluntary retirement program which 149 employees accepted. Without this, expenses increased 3% over last year.

Net Income grew by 14% to Php1.2 billion on the strength of the higher student population, a modest tuition increase, and unceasing cost-conscious initiatives.

Academic Achievements

Our President, Dr. Michael M. Alba, will focus on academic matters partially mentioned above in his yearly President's Report.

Also of note is our continuing improvement in external tests. FEU passing rates were 100% better compared to the national passing rates for all these tests. Highlights include 99% Med Tech and 87% Nurse Licensure Examination results. Similarly, 78% and 84% combined passing grades in the Licensure Examination for Teachers (LET) exceed the national average by three times, and buttress FEU's image as a productive developer of teachers for the public school system.

Student Accomplishments

Marie Stephanie Gana, Institute of Education valedictorian and Student Council president, was FEU's third consecutive Ten Outstanding Students of the Philippines (TOSP) awardee. Various student leaders also earned individual and group awards in



the Red Cross Youth Council, the Knights of Rizal, and the Young Men's Christian Association Congress for College Students.

The CHED International Affairs staff selected Nicole Yu for the Asean Youth Council in Thailand, Kebyn Villarino for the Asean - South Korea Frontier Forum, Micah Jesica Indiola for the Tokyo Jeney's program, and Sophia Centeno for the China- Asean Youth camp.

FEU's Men's Basketball team dramatically won a record 20th UAAP championship; what made it sweeter was the all out, All Gold, "Be Brave" support of the entire FEU community. Our Men's Track and Field and our Juniors Football teams also significantly recorded their sixth consecutive UAAP championships. Finally, a student athlete won the Gold Medal at the 2015 World Schools Individual Chess Championships.

Faculty Development

Anticipating K-12, FEU drew up plans to provide additional external training for faculty through CHED-sponsored training and PhD-related overseas secondments. In addition, our Center for Teaching, Learning, and Continuing Excellence provided multiple training programs for existing faculty.

A major effort in technology-related pedagogical practice through a blended Learning Management System (LMS) is slowly but surely inculcated into FEU teaching practice.

We have a new Dean, Dr. Alma de la Cruz, at our Institute of Accounts, Business, and Finance (IABF) to strengthen our COD capability.

Culture and Community Service

Our President's Committee on Culture (PCC) continues as the best university cultural offering, showcasing 20 cultural events involving some 12,000 students. The Drum and Bugle Corps won first place in an Indonesian competition, while the Dance Company placed third in a Korean folk dance event.

Bringing arts closer to the audience, FEU launched a Cultural App, a first in the Philippines. We also hosted six Harvard Business School (HBS) students who studied how FEU students attendance in cultural events could be improved.

We continue with various community extension and socially responsible endeavours, primarily through a BLOSSOM (Be in Love of Selfless Service for Others Merit) framework.

Partnership agreements with various NGOs increased, and active involvement of FEU volunteers across many disciplines contributed to multiple output. Environmental protection and conservation remain big themes.

Significant projects include H.O.P.E, a psychological health and therapeutic program at the Bureau of Jail Management and Penology, and a Gawad Kalinga Pabahay project. Finally, a Tams2 project with WWF Philippines and the DENR aims to double the endangered tamaraw population by 2020.



Corporate Governance

We remain among the Top 50 listed companies in Corporate Governance; in fact, our scores in the Insitute of Corporate Directors survey have marginally improved.

Subsequent Events

In May 2016, FEU acquired Roosevelt College Inc (RCI). Its five campuses will double FEU's campus total to 10, and its Basic Education thrust complements FEU's tertiary education expertise. Transition has been smooth, as RCI has retained its 5,000 students with the new FEU management.

In June 2016, FEU Senior High School in Manila started operations with almost 2,000 students.

Both the RCI and the FEU Senior High School enrolment help cushion the drop of roughly 7,000 students in the FEU system due to K-12.

With less freshman load, FEU also used the opportunity to send 29 faculty, or roughly 11% of total regular faculty, for CHED and other full-time training programs to earn Masters Degrees and PhDs to improve their academic credentials.

Looking Forward

K-12 is upon us, and we expect short-term headwinds, particularly in the financial results area.

However, we believe we have coped reasonably well with a new, actively enrolled Senior High School and with the forward-looking purchase of Roosevelt College, Inc.

We remain committed to our core values of an affordable, accessible quality education for students and a meaningful career for faculty and employees.

We therefore wish to thank our board, our management, our faculty, our employees, and particularly, our shareholders and stakeholders for their unwavering support during the past year.

Aurelio Reyes Montinola III
Chair, Board of Trustees



PRESIDENT'S MESSAGE

By expanding in terms of market share and “plant capacity,” FEU is both holding true to its founder’s vision to improve access to quality education and taking a long-term strategic position in the education sector

Academic Year (AY) 2015–2016 was a year of quality confirmations of FEU’s academic programs as well as of expansion, both organic and by acquisition, for the FEU system of schools. In April 2016, FEU Manila was (re-)conferred by the Commission on Higher Education (CHED) the Autonomous University status, the highest level in the vertical (or quality) typology of CHED’s more stringent quality-assurance framework (CMO 46 series of 2012). Earlier in March 2016 and December 2015, respectively, CHED also designated FEU Manila’s teacher education programs (which consist of the Bachelor of Elementary Education and Bachelor of Secondary Education) as a Center of Excellence and its business administration program as a Center of Development. Likewise, the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) accorded Level IV status (i.e., its highest quality category) to the campus’s eight flagship programs: BA Communication, Bachelor of Elementary Education, Bachelor of Secondary Education, BS Accountancy, BS Applied Mathematics, BS Biology, BS Business Administration, and BS Psychology.

In addition, FEU Manila received international recognition. It was accepted as a member of the Association to Advance Collegiate Schools of Business (AACSB) in April 2016 for its BS Accountancy, BS Business Administration, and Master of Business Administration programs and an associate member of the International Centre of Excellence in Tourism and Hospitality Management (THE-ICE) in July 2015 for its BS Tourism Management and BS Hotel and Restaurant Management programs.

The quality of FEU’s academic programs was also validated by the performance of its first-time takers of various professional licensure examinations. The passing rates of these cohorts were generally improving as well as higher than the national average (See Tables 4a-4d of the appendix). For FEU Manila and FEU Tech, the distinction was that the top-notchers of the 2015 and 2016 architecture, teachers, medtech, nursing, and engineering licensure examinations were graduates of the school (see appendix).

All these third-party substantiations signaled FEU's academic ascendance. Not only did they underscore the University's institutional commitment to the unrelenting pursuit of excellence, they also indicated that FEU is well on the way to realizing its aspiration to be among the top five universities of the country.

Growth was the other significant development of the past academic year. Organically, this came in the form of two new FEU schools. After two years of preparations, FEU High School opened its doors to 1,958 Grade 11 senior high school students for AY 2016–2017. And in November 2015, groundbreaking rites were held for FEU Alabang and building construction is set to start in September 2016 for targeted completion in 2018.

Growth also came by way of acquisition. In May 2016, FEU gained a controlling stake in Roosevelt College, Inc, an 80-year, private, non-sectarian, for-profit educational institution, which has campuses in Quezon City and Marikina City in the National Capital Region and Cainta, San Mateo, and Rodriguez in Rizal Province (Region 4A CALABARZON) with a total student population of about 5,000.

By expanding in terms of market share and “plant capacity,” FEU is both holding true to its founder's vision to improve access to quality education and taking a long-term strategic position in the education sector, even as it braces for the five-year transition period brought about by the addition of Grades 11 and 12 to the basic education cycle, during which time one or two year-levels of college will have insignificant enrollment levels each year. [In AY 2016–2017, there will be few freshmen; in AY 2017–2018, few freshmen and sophomores; in AY 2018–2019, few sophomores and juniors; and so on.] The reasons: On the one hand, expanding access to quality education is as



important as ever in order to help the country optimize its demographic dividend. [In the next 40 years, the dependency ratio (the number of young and elderly dependents per person of working age) will be falling from about 0.6. If gainfully employed, Filipinos of working age will be able to save more—savings that the country can use to further improve the productivity of both workers and the economy, thereby spurring a higher economic growth rate that is sustained over the period. This demographic dividend, however, is not automatic, but an education-activated largesse to the country. It is brought about by developing a globally competitive workforce, which is an outcome of quality education.] On the other hand, when the education sector stabilizes after the turmoils of the K + 12 reform, FEU will be poised to have a bigger and better footprint in both basic and higher education.



But how did the FEU system of schools fare in the course of normal operations? In what follows, this report, like last year's, adopts the framework of FEU's institutional aspiration as its organizing principle. The difference is that, instead of focusing only on FEU Manila, where applicable, the report cites achievements and developments in other FEU schools as well. All tables cited can be found in the Appendices for further reference.

Talent Management and Development

A number of key administrative positions were filled in AY 2015–2016. These included the vice-president for human resource development (Renato Serapio) and internal auditor and compliance and risk management officer (Rogelio Ormillon) in FEU Manila; executive director of FEU Cavite (Olivier Dintinger), director for administration and operations of FEU Diliman (Ann Hidalgo); and vice-president for academic affairs of Roosevelt College (Gillian Joyce Virata).

Key recruits in academics were the dean of the Institute of Accountancy, Business, and Finance (Alma dela Cruz, PhD (Business)), three university research fellows (Arnel Concepcion, PhD (Biology), Marcos Valdez, PhD (Biology), and Padmapani Perez, PhD (Anthropology)), and the university librarian (Maria Gia Gamolo, EdD (Educational Leadership) and MA (Library Science)).

Taking advantage of the CHED program that is intended to improve the academic credentials of the faculty during the K + 12 transition period, FEU Manila applied for and was rewarded with 28 faculty grants in various disciplines that are aligned with the professors' departmental affiliations. Of these, 21 accepted the challenge to pursue their doctoral studies.

As a measure to scale down operations due to the projected downturn in enrollments, FEU Manila also implemented two early retirement gratuity programs. A total of 149 members of the workforce opted to avail of the benefits; 83 were tenured faculty and the rest support staff.

Programs and Services Development

In AY 2015–2016 the FEU system of schools produced 7,273 graduates. Tables 1a–1d (see appendix) show their number by school and program.

System-wide, total enrollment in the first-term reached 39,894, about the same as last year's. Tables 2a–2d provide the levels by school and program.

On the quality front, FEU has been flourishing. As mentioned, CHED conferred the autonomous university status to FEU Manila on April 2016 with a validity of three years. Still, the flagship campus is continuing its relentless efforts to both increase the number of accredited programs and upgrade accreditation levels. Tables 3a and 3b show the accreditation status of FEU Manila's academic programs.

The performance of FEU's first-time takers of various professional licensure examinations also has been generally improving and ranked higher than the national passing rate (see Tables 4a–4d).

Student Development

Student Development successfully implemented development plans and pioneering projects, which resulted in significant achievements in student awards, partnerships, research activities, and linkages. A total of 35 leadership-related accomplishments were recorded (compared to 12 awards in 2014 and 9 in 2013). This was due to the student leaders' active engagement in student-organization activities that focused on discursive forums and volunteer work; the Circles of Leadership Influence Program (CLIP); and on and off-campus training stints.



Student leaders soared with Maria Stephanie Gaña, president of the Institute of Education Student Council, leading the pack of achievers as one of the 2015 Ten Outstanding Students of the Philippines (TOSP). Her *Balay Dunong* Project provided learning spaces and tutorial sessions for Hospicio de San Jose orphans. Roland Titus Tagaan, student representative of the FEU Commission on Elections, was recognized as one of the Ten Model Rizal Students of the Philippines by the Knights of Rizal for exhibiting the values of the national hero.

Four student leaders were chosen by CHED's International Affairs Staff or the National Youth Commission to represent the Philippines: Nicole Yu went to Chang-Rai, Thailand, for the ASEAN Youth Camp 2015; Kelyn Villarino, public relations officer of the IABF Student Council, attended the 6th ASEAN-Korea Frontier Forum held in Busan, South Korea, and the Asia-Europe Meeting Youth Week 2016 held in Vietnam; Micah Jesica Indiola, vice president of

Peace TAYO, learned Japanese culture through the JENESYS 2015 Program in Tokyo; and Sophia Centeno completed the China-ASEAN Youth Camp in Guiyang and Guangzhou, China.

Coined after Stephen Covey's "circle of influence," CLIP provided a venue for learning opportunities that allowed students to actively engage in discourses and participate in training solutions that leveraged their skills set. A total of 24 seminars and workshops under CLIP were implemented to train student leaders, freshman class mayors, and academic scholars.

Training focused on working in multicultural environments, predictive analytics and spot-on needs analysis, managing failure, bridging the gap between campus and workplace leadership, student organizations during the K-12 transition, creative strategies in conflict management, high emotional quotient as a leadership asset, business writing for student organization presidents, and campus journalism.

Partnerships and Placements

In AY 2015-2016, Alumni Relations and Placement Services (ARPS) achieved the following milestones in alumni relations: It developed a three-year strategic plan that is aligned with the FEU Aspiration Statement 2020 in which a revitalized alumni community and an intensified network of industry partners formed core pillars. It strengthened the open-house program for alumni, which led to six campus visits and 10 homecoming reunions for various alumni groups. And it facilitated the revival of the Institute of Education alumni association, which has since been registered with the Securities and Exchange Commission as the Far Eastern University IE Alumni Association, Inc.

ARPS also assisted various alumni groups in their activities. It extended support to the Institute of Nursing (IN), the FEU Nursing Alumni Foundation (FEUNAF) Philippines, and FEUNAF USA to successfully stage the IN Grand Alumni Homecoming on 18 January 2016 in celebration of IN's 60th founding anniversary. It hosted several Tamaraw Family events such as the FEU Law Alumni Association General Meeting (8 August 2015, PCC Conference Room), the Oath-Taking Ceremonies of the new set of officers of the FEU Sword Fraternity, Inc (25 August 2015, IAS Conference Room), and the FEU High School Alumni Batch 1990 meeting (28 January 2016, University Library Viewing Room).

On behalf of the university, ARPS accepted donations from several alumni groups: P50,000 from the FEU Girls High School 1975, P15,000 from the FEU Integrated/Secondary Laboratory School 1969-1981, and P10,000 from the FEU Girls High School 1976. It turned over to the FEU Educational Fund, Inc, an endowment of US\$50,000 for the Dr. Lydia A. Palaypay Project/Grant from FEUNAF USA.

In addition, ARPS produced five issues of the *Green and Gold Online Alumni Newsletter* in which prominent alumni were featured. These included Al Jazeera broadcast journalist Jamela Alindogan (AB Mass Communication, IAS, 2006), Chiang Kai Chek College Board of Trustees Chairman Allen Roxas (BSC Banking and Finance, IABF, 1970), Maybank CEO and President Herminio Famatigan, Jr (FEU Boys High School, 1976), H&M Communication and Press department head Danreb Mejia (AB Mass Communication, IAS, 2002), and DepEd technical assistant and TOSP National Awardee Michael Miatari (BS Psychology, IAS, 2013).



On placement services, ARPS accomplishments included a 71.7% improvement in the total number of FEU RésuméLink registrants from about 4,600 in AY 2014-2015 to about 7,900. (RésuméLink is the university's database of alumni résumés which ARPS partner firms can check to fill up vacancies.) It also reported on the initial results of the FEU QUEST (Questionnaire on Employment Tracer and Status), which had 571 respondents. An increase in the number of job-placement partnerships to 95 firms was also achieved.

A distinction for FEU, ARPS Director Dr. Marcon Espino was elected as director of the Association of Placement Practitioners of Colleges and Universities, Inc., the national organization of placement practitioners in the Philippines.

Research and Linkages

AY 2015–2016 saw a marked increase in research publications. These included the following contributions that appeared as journal articles or chapters in books:

- Anito Jr., J., M. Prudente, S. Aguja, A. Limjap, A., and P. Rubi. In press [2016]. “Solving Physics Problems by Playing with Equations.” *Advanced Science Letters*. American Scientific Publishers. [SCOPUS Indexed]
- Brillon, Cherish Aileen A. 2015. “From Local to Global: Philippine Broadcast Networks and the Filipino Diaspora.” *International Journal of Communication* 9 : 2202–2220. [International Science Indexing (ISI)]
- Capulong Reyes, Rowena. 2016. “Public Space as Contested Space: The Battle Over the Use, Meaning, and Function of Public Space.” *International Journal of Social Science and Humanity* 6 (3) : 201–207.
- Chavez, Jayson, Russel Evan L. Venturina, and Grecebio Jonathan D. Alejandro. 2015. “Gynochthodes Leonardii: A Novel Species of Morindeae-Rubiaceae from Palawan, Philippines.” *Phytotaxa* 222 (1) : 67–71. [ISI]
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- Cruz, Selwyn A., and Romulo P. Villanueva Jr. 2016. “Assessing the Level of Grammar Proficiency of EFL and ESL Freshman Students: A Case Study in the Philippines.” In *Current Issues in Language Evaluation, Assessment, and Testing: Research and Practice*. Christina Gitsaki and Christine Coombe, editors. Newcastle upon Tyne, United Kingdom: Cambridge Scholars Publishing, 272–286.
- Florendo, Josefina. 2015. “The Diabetes Camp Exercise of Adolescents with Type 1 Diabetes.” *Philippine Journal of Nursing* 85 (1) : 37–49.
- Guieb, Heinz Kesniel D., Marcos B. Valdez, and Flocerfida P. Aquino. 2016. “Comparison of the Quality of Extended Philippine Native Chicken (*Gallus Gallus Domesticus*) Sperm Collected by Abdominal Massage by Abdominal Massage Method.” *American Journal of Biological and Pharmaceutical Research* 3 (1) : 24–27.
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- Limjap, A., R. Miciano, and L. Mojica. In press [2016]. “Towards Transformative Teaching and Learning in the College of Education: The Journey.” In *Counseling, Psychology, and Education: Essays in Honor of Rose Marie Salazar-Clemeña*. Allan Benedict I. Bernardo, editor. Manila, Philippines: De La Salle University Publishing House.
- Limjap, A., G. Santos, M. Lapinid, L. Roleda, and J. Anito Jr. In press [2016]. “Gearing K–12 Philippine Science for National Development and ASEAN Competitiveness.” *Advanced Science Letters*. American Scientific Publishers. [SCOPUS]
- Perez, Hector M., and Rosalito De Guzman. 2013. “Brain Lateralization of Emotional Processing of Clinically Diagnosed Anxious and Depressed Male Patients.” *Asian Journal of Natural and Applied Sciences* 2 (3) : 20–41.
- Rivera, M., M. Sinfuego, M. Tudayan, and A. Limjap. 2015. “Use of Manipulatives to Develop Second Year High School Students’ Understanding of Equality and Linear Equations.” *In Intersection* 12 (1) : 30–35.
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The increase in research output is due in large part to the aggressive campaign to improve faculty participation in research activities. To this end, 36 research projects are underway, involving research teams from different institutes with each being supervised by a consultant. Specifically, Institute of Education teams are being mentored by Dr. Tracey Alviar-Martin, Dr. Benji Chang, and Dr. Ronel King—all of whom are renowned scholars from the Hong Kong Institute of Education; the Institute of Accountancy, Business, and Finance

team is being assisted by Dr. Rahim of Universiti Teknologi Malaysia, Kuala Lumpur; and the rest are being guided by highly esteemed researchers like Dr. Fe Lorenzo of University of the Philippines, Manila.

To improve the university's visibility in research, FEU collaborated with other academic institutions to sponsor and co-host academic meetings such as the 2nd National Conference on Urban Studies (with the University of San Carlos, Cebu) and the 1st SIMPI (Sustainability Initiatives: Case Studies in Malaysia, Philippines, and Indonesia) Conference (with the Universiti Teknologi Malaysia and which was held in Johor Bahru). In both conferences, a good number of FEU faculty members presented their research papers. To further enhance academic linkages, FEU established the University Linkages and Student Mobility office in April 2015. To date, the university has established active partnerships with 11 universities: Far East University Korea, Taylor's University (Malaysia), National Institute of Education (Singapore), Universiti Teknologi Malaysia, University of Padjadjaran (Indonesia), Universitas Bung Hatta (Indonesia), Universidad Catolica San Antonio de Murcia (Spain), National Sun Yat Sen University and Cheng Shiu University (Taiwan), Amity University (India), and Niagara College (Canada).

Memoranda of Understanding are also in the process of being finalized with Hong Kong Institute of Education, Deakin University and La Trobe University (Australia), University of Brunei Darussalam, Mahidol University and Kasetsart University (Thailand), Taipei Medical University, and Dominican University (California, USA).

Recognized for its academic leadership, FEU Manila is proud to be visited by delegates from universities in the Philippines and Asia for benchmarking activities. In August 2015, the university welcomed senior managers from the University of St Louis-Tuguegarao City who examined FEU's initiatives and processes in online enrollment, e-learning, ISO certification, research, and outcomes-based education. Later in the year, FEU Institute of Tourism and Hotel Management officials received a contingent from the College of Hospitality Education of the University of Mindanao (Davao City) as well as the Hotel and Restaurant Management program chair of Davao Doctor's College—the visitors' agenda: to exchange notes on best teaching and program administration practices in hotel and restaurant management. In October 2015, FEU academic managers and student leaders hosted student-council representatives from Universiti Malaysia Pahang to discuss student development initiatives.

Community Extension and Outreach Services



FEU's commitment to service was strengthened with its growing number of partner institutions and NGOs that are engaged in volunteer work. Donations in the forms of school supplies, relief goods, and emergency kits amounting to about P1 million were collected from the FEU Community. "Giving Back the Tamaraw's Way" helped instill among the volunteers and stakeholders the importance of paying things forward.

Students also engaged in output-based projects such as the production of mosquito traps, which were distributed in Gawad Kalinga communities; solar lights for the Tau-Buid of Mindoro; tree-tags, which were donated to the Ninoy Aquino Parks and Wild Life Center; and trash cans and various handicrafts made out of recyclable materials and eco-bags—the proceeds from sales of which were donated to adopted communities and select partner agencies.

Banking on the technical expertise of the faculty of FEU Manila's Institute of Architecture and Fine Arts, FEU Cavite entered into a tripartite agreement with the municipal government of Silang, Cavite, and the parish pastoral council of the Nuestra Señora de Candelaria Cathedral to secure proper documentation so that the church's 300-year old *retablos* can be declared a national heritage artifact by the National Historical Commission. On-site measurements of the *retablos* have since been taken as the first step of conservation assessment.

FEU accepted and took on the management of the Private Education Assistance Committee (PEAC) Regional Secretariat in the National Capital Region (NCR) and the role of implementing the Education Service Contracting (ESC) Program in 2015-2016. Below is a summary of the ESC grant applications processed and signed off by the PEAC NCR Secretariat in 2015-2016 for 73,591 ESC student-grantees enrolled in 250 ESC private high schools in NCR.

CITY	# OF ESC SCHOOLS	# OF GRANTEES AND TOTAL AMOUNT OF GRANT					
		ESC		OHS		TSS	
		# Grantees	Amt. (Php)	# Grantees	Amt. (Php)	# Grantees	Amt. (Php)
Caloocan	32	8,525	85,250,000	200	2,000,000	409	4,908,000
Las Pinas	13	3,931	39,310,000	0	0	223	2,676,000
Makati	4	1,420	14,200,000	0	0	145	1,740,000
Malabon	9	3,302	33,020,000	0	0	152	1,824,000
Mandaluyong	5	2,719	27,190,000	0	0	157	1,884,000
Manila	46	14,172	141,720,000	9	90,000	890	10,680,000
Marikina	9	2,795	27,950,000	0	0	197	2,364,000
Muntinlupa	14	3,216	32,160,000	129	1,290,000	160	1,920,000
Navotas	2	1,692	16,920,000	0	0	38	456,000
Paranaque	10	1,625	16,250,000	0	0	136	1,632,000
Pasay	8	3,238	32,380,000	0	0	148	1,776,000
Pasig	9	3,120	31,200,000	0	0	170	2,040,000
Pateros	1	1,081	10,810,000	0	0	60	720,000
Quezon City	51	11,352	113,520,000	11	110,000	821	9,852,000
San Juan	3	797	7,970,000	0	0	55	660,000
Taguig	9	2,122	21,220,000	0	0	109	1,308,000
Valenzuela	25	8,135	81,350,000	0	0	229	2,748,000
TOTAL	250	73,242	732,420,000	349	3,490,000	4,099	49,188,000

- The total Php amounts in the above schedule are not adjusted to the approved increase this year. For SY 2015-2016, ESC Grade 7 (only) grant per student was increased from Php 10,000 to Php 11,000, while TSS subsidy for teachers of Php 12,000 per recipient was increased to Php 18,000 per recipient.
- OHS stands for Open High School.

Community Extension and Outreach Services: FEU Public Policy Center

In AY 2015-2016, the FEU Public Policy Center completed its incorporation procedures as a research foundation and obtained the necessary government permits. It also held its usual seminars and other activities. On 24 February 2015, the FPPC convened a forum on the Bangsamoro Basic Law entitled “The Bangsamoro Initiative: The Price of Peace.”

On 6 August 2015, it presented the initial results of the college freshmen survey under the theme “Who is the Filipino Millennial?” The groundbreaking study, the goal of which is to study the impact of the college experience on Filipino students, attracted wide media attention and garnered for Eon (the university’s press relations firm) a coveted Philippine Quill Award for excellence. Not resting on its laurels, the FPPC continued to track the student respondents who had become sophomores and expanded the scope of the survey by including a new batch of college freshmen covering more schools.

On 17 March 2016, the FPPC held an election town hall “Millennial Talk Series: Who is your Leader?” The seminar provided a venue for student leaders from the different university-belt schools to share their opinions about the recent presidential election.

Operational Excellence in Execution and Streamlining Admissions and Financial Assistance

As Admissions and Financial Assistance (AFA) has to confront the challenge of a radically changed student-recruitment landscape starting AY 2018-2019 when college freshmen will be senior high school graduates, the university reorganized the office’s structure and staffing pattern in early 2016. The new 16-strong AFA team will be working to increase FEU’s presence among “feeder” senior high schools by forging strong relationships with them.

In addition, AFA has been exploring the market for international students. To increase FEU’s global presence, AFA regularly updates the Admissions Page of the FEU website to provide prospective applicants with the most current information on admission and scholarship opportunities available. It also signed a memorandum of agreement with Applica, which provides a web-based platform that connects students to schools in the Philippines.

In recruiting for AY 2016-2017, with Grade 10 completers detouring to senior high school instead

of proceeding to college, AFA faced a severely reduced market demand in which only graduates of a few high schools with DepEd-approved K-12-ready programs, graduates of the ten-year basic education program of AY 2014–2015 or earlier, passers of the high-school equivalency exam, and transferees from other colleges and universities were eligible for college. To address this problem, AFA expanded its articulation activities to include room-to-room campaigns in FEU schools to make students as university’s ambassadors and help conduct presentations in career talks and fairs in the Greater Metro Manila area as well as Bulacan, Cavite, and Laguna. This targeted high school graduates of earlier years who had not gone to college.

Moreover, AFA is preparing to revise the Admissions Manual to account for the abnormal conditions of AY 2016–2017 and AY 2017–2018.

To improve its financial assistance services—specifically, to ensure a more equitable distribution of scholarship grants while at the same time assigning more weight to needs-based financial aid—AFA streamlined the application process and conducted stricter screening procedures.

Compared to AY 2014–2015, scholarship grants decreased by 10%, to 2,294 (from 2,550) in terms of number of recipients. In monetary terms, the value of the grants amounted to P44.1 million.

Guidance and Counseling

To provide responsive, dynamic, innovative, and accountable services, Guidance and Counseling (G&C) runs the Tams Advocacy Programs (TAP), which consist of the Peer Counseling Program, the Drug Abuse Prevention Program, and the Anti-Bullying Program. These initiatives empower students to become agents of change by championing G&C causes. Training modules provide knowledge and develop the skills of student volunteers.

In addition, G&C offers creative therapies, such as art therapy, cinema therapy, music therapy, and “pan de soul” (which provides psychological nourishment for body and soul), as well as other support-group programs for preventive guidance and catharsis. In coordination with external partner agencies and in collaboration with the university’s institutes, departments, and student organizations, G&C also provides students with psycho-educational training workshops and seminars.

TABLES 4a and 4b (see appendix) provide lists of the G&C programs and activities, and the number of students involved.

G&C Director Dr. Sheila Marie Hocson gained plaudits for the University by being appointed National Secretary of the Philippine Guidance and Counseling Association and simultaneously, its spokesperson for anti-bullying advocacies. She also co-founded the Peer Organization of the Philippines, the official association of peer counselors in the country.

Library

The university library continued to build a balanced collection by applying all the usual processes, such as community analysis of needs and uses, selection and acquisition of new titles and holdings, deselection or weeding of outdated materials, and collection evaluation in all formats (print, online journals, and electronic books). Purchased for the year were 2,470 volumes amounting to P6.4 million. Gifts from friends was the other source of additions to the library holdings, a notable one being a P0.5 million donation in kind, which came in the form of books with copyrights from 2014 to 2016.

FEU Manila also beefed up its digitization services by acquiring four servers, an LED TV monitor, a flatbed scanner, and 2 two desktop computers. To accommodate the transfer of the Institute of Law, FEU Makati for its part, increased the space of the law library by two classrooms. In addition, the FEU Makati library replaced 20 computer units, added more computer desks, and installed an electronic gate to improve security services for both users and the collection.

Bringing added distinction to FEU, the university library in Manila successfully organized two events: in partnership with the Philippine Map Collectors’ Society, it staged the exhibit *Ang Paglalatag ng Pilipinas sa Mapa*. To commemorate the 71st anniversary of the Fall of Manila, it showcased the Dr. Lourdes Reyes Montinola World War II Collection Exhibit.

Education Technology

Improving the information systems, applications, and services of Education Technology (EdTech) was given high priority in AY 2015–2016. To support the technical and developmental upgrading of education-technology infrastructure in terms of functionality, reliability, and utility, EdTech was provided with two



new web and application servers. In addition, 150 units of Lenovo desktop computers—41 of which were deployed in FEU Makati’s computer laboratory—were procured as part of the enhancements.

Moreover, two interactive classrooms designed to provide a collaborative learning environment were constructed for EdTech. They were outfitted with communications infrastructure with the following features: interactive projector; LED monitors; lapel microphones; interactive tables with VGA cables, markers, LAN connections and electrical plugs; interactive switcher; and wifi access. Forty chromebooks were also procured for utilization in these classrooms.

President’s Committee on Culture

Table 5a (see appendix) lists the (as always) impressive cornucopia of cultural offerings staged by the President’s Committee on Culture (PCC) this year.

Perhaps a more significant development for the PCC was that it was finally provided with a PCC Center, a 200-seat multi-use theater that houses areas for rehearsals, meetings, and storage for the six cultural groups of the university.

The PCC had three special projects. To help increase awareness for FEU Manila’s “living-museum” campus, it soft-launched the FEU Cultural App, the only mobile audience-development application of its kind among schools and cultural organizations. The app sets FEU’s art-deco campus, treasure trove of paintings and sculptures, and all PCC-organized events within one click of users’ mobile devices.

PCC also hosted a team of Harvard Business School (HBS) students who were assigned to study how the FEU Community’s attendance in PCC’s cultural offerings may be improved. The recommendations of the HBS team were presented to and duly noted by university administrators.

Extending cultural awareness as a part of its community outreach services, the PCC also facilitated FEU’s participation in Newseum, a project of the Museum Foundation of the Philippines, Inc., and Jollibee Foundation to get kids excited about visiting

museums and appreciate particular works of art, including FEU’s *Tamaraw* by Peter de Guzman. In addition, the FEU Guides expanded their tours to include heritage sites in Sampaloc and Quiapo, such as the San Sebastian Basilica, Gota de Leche, Calle Hidalgo, and Bahay Nakpil Bautista.

TABLE 5b (see appendix) reports number of service-scholarship grants, by cultural group that PCC dispensed in AY 2015–2016.

Summary

In sum, FEU appears to be flourishing even as it braces for the downturn in enrollments in higher education at least over the next two years. Strategically, it is taking innovative and well-considered steps—in talent management and development as well as in capacity building—to ensure that it comes out of the K–12 transition period even stronger and better as a system of academic institutions in the service of the country and the Filipino people.

While the full impact of the many initiatives that are currently being undertaken will not be seen for many years, I am optimistic about FEU’s prospects and confident that it is moving ever closer to its institutional aspiration to be among the top five universities of the country.

Michael M. Alba
President, Far Eastern University



FINANCIAL REPORT



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, 2016 and 2015, 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, 2016
d. Schedule of Financial Indicators for March 31, 2016 and 2015
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

SUBSCRIBED AND SWORN to before me this 13th day of July 2016, affiants exhibiting their Tax Identification Numbers as follows:

Table with 3 columns: Name, TIN, Place Issued. Rows include Aurelio R. Montinola III, Michael M. Alba, and Juan Miguel R. Montinola.

NOTARY PUBLIC
ENRICO G. GILERA
Notary Public for Manila
Until December 2017
PTR No. 4936602; 01.05.2016; Manila
IBP No. 1017090; 01.04.2016; PPLM
Roll No. 35145; May 27, 1988
Compliance No. IV 0017359; April 23, 2013
Unit 403 Doña Consuelo Bldg.,
929 Nicanor Reyes Street, Manila
Tel. No. 7364975

Doc. No. 150
Page No. 31
Book No. X
Series of 2016.



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Report of Independent Auditors

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, 2016, 2015 and 2014, 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.

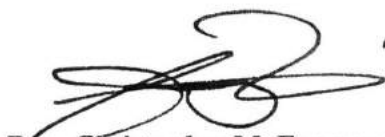
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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, 2016, 2015 and 2014, 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. Ferarezza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 5321716, January 4, 2016, 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, 2018)

June 21, 2016

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	<u>2016</u>	<u>2015</u>	<u>2014</u>
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	8	P 1,089,584,537	P 887,447,257	P 559,584,420
Trade and other receivables - net	9	652,219,771	538,195,294	363,282,079
Available-for-sale financial assets	11	2,151,377,898	2,045,219,220	1,765,336,184
Real estate held-for-sale	12	121,613,876	131,526,860	131,526,860
Other current assets - net	10, 13	212,615,124	202,013,495	226,482,865
Total Current Assets		<u>4,227,411,206</u>	<u>3,804,402,126</u>	<u>3,046,212,408</u>
NON-CURRENT ASSETS				
Trade and other receivables - net	9	-	-	47,465,839
Available-for-sale financial assets	11	450,192,695	422,640,557	552,556,482
Investment in an associate	14	6,656,734	6,726,839	6,769,756
Property and equipment - net	15	4,423,746,294	4,192,338,598	3,914,179,071
Investment property - net	16	563,137,344	647,176,278	476,094,579
Deferred tax assets - net	23	8,063,668	6,645,677	2,238,847
Other non-current assets	13	11,840,122	10,949,072	7,931,610
Total Non-current Assets		<u>5,463,636,857</u>	<u>5,286,477,021</u>	<u>5,007,236,184</u>
TOTAL ASSETS		<u>P 9,691,048,063</u>	<u>P 9,090,879,147</u>	<u>P 8,053,448,592</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	17	P 602,275,911	P 751,289,327	P 579,407,538
Interest-bearing loans	18	9,575,440	688,955,389	12,763,501
Derivative liability	10	18,072,300	-	14,433,500
Deferred revenues	19, 24	66,763,560	46,510,369	14,569,321
Income tax payable		51,164,589	29,812,454	13,095,621
Total Current Liabilities		<u>747,851,800</u>	<u>1,516,567,539</u>	<u>634,269,481</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans	18	704,013,177	33,591,271	846,936,083
Deferred tax liabilities - net	23	4,360,135	8,097,018	20,352,881
Other non-current liabilities	24	14,042,052	13,793,018	13,630,418
Total Non-current Liabilities		<u>722,415,364</u>	<u>55,481,307</u>	<u>880,919,382</u>
Total Liabilities		<u>1,470,267,164</u>	<u>1,572,048,846</u>	<u>1,515,188,863</u>
EQUITY				
Equity attributable to owners of the parent company				
Capital stock	25	1,651,435,400	1,651,435,400	1,376,863,400
Treasury stock - at cost	25	(33,855,641)	(33,855,641)	(3,733,100)
Revaluation reserves	11	44,997,346	136,401,540	42,077,941
Retained earnings	25	4,906,624,398	4,135,378,155	3,743,328,450
Total equity attributable to owners of parent company		6,569,201,503	5,889,359,454	5,158,536,691
Non-controlling interests		1,651,579,396	1,629,470,847	1,379,723,038
Total Equity		<u>8,220,780,899</u>	<u>7,518,830,301</u>	<u>6,538,259,729</u>
TOTAL LIABILITIES AND EQUITY		<u>P 9,691,048,063</u>	<u>P 9,090,879,147</u>	<u>P 8,053,448,592</u>

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MARCH 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES				
Educational	19			
Tuition fees - net		P 2,847,941,948	P 2,518,541,215	P 2,208,746,459
Other school fees		<u>70,643,435</u>	<u>93,456,720</u>	<u>73,422,000</u>
		2,918,585,383	2,611,997,935	2,282,168,459
Rental	16	124,073,069	117,937,492	98,411,239
Management fees	24	20,449,880	43,494,910	55,358,978
Other operating income		<u>3,235,844</u>	<u>5,036,721</u>	<u>12,253,788</u>
		3,066,344,176	2,778,467,058	2,448,192,464
COSTS AND OPERATING EXPENSES				
	20	<u>1,915,329,117</u>	<u>1,772,881,489</u>	<u>1,618,887,807</u>
OPERATING INCOME				
		1,151,015,059	1,005,585,569	829,304,657
FINANCE INCOME				
	21	171,949,548	221,596,123	223,421,624
FINANCE COSTS				
	21	(11,656,699)	(50,118,822)	(35,085,309)
OTHER INCOME				
	17	71,999,234	51,219,404	13,362,850
OTHER CHARGES				
	14	(70,105)	(42,917)	(76,839)
PROFIT BEFORE TAX				
		1,383,237,037	1,228,239,357	1,030,926,983
TAX EXPENSE				
	23	<u>158,338,419</u>	<u>150,077,061</u>	<u>128,109,779</u>
NET PROFIT				
		<u>P 1,224,898,618</u>	<u>P 1,078,162,296</u>	<u>P 902,817,204</u>
Attributable to:				
Owners of the parent company		P 1,166,023,155	P 1,028,967,513	P 855,024,656
Non-controlling interests		<u>58,875,463</u>	<u>49,194,783</u>	<u>47,792,548</u>
		<u>P 1,224,898,618</u>	<u>P 1,078,162,296</u>	<u>P 902,817,204</u>
Earnings Per Share				
Basic and Diluted	26	<u>P 70.89</u>	<u>P 62.48</u>	<u>P 51.89</u>

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2016	2015	2014
NET PROFIT		<u>P 1,224,898,618</u>	<u>P 1,078,162,296</u>	<u>P 902,817,204</u>
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			
Fair value gains (losses) during the year	(38,385,706)	180,878,737	44,421,859
Fair value gains reclassified to profit or loss	(53,689,984)	(86,555,138)	(182,030,211)
Other Comprehensive Income (Loss) - Net of tax		(92,075,690)	94,323,599	(137,608,352)
TOTAL COMPREHENSIVE INCOME		<u>P 1,132,822,928</u>	<u>P 1,172,485,895</u>	<u>P 765,208,852</u>
Attributable to:				
Owners of the parent company		<u>P 1,074,618,961</u>	P 1,123,291,112	P 717,416,304
Non-controlling interests		<u>58,203,967</u>	49,194,783	47,792,548
		<u>P 1,132,822,928</u>	<u>P 1,172,485,895</u>	<u>P 765,208,852</u>

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE YEARS ENDED MARCH 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Attributable to Owners of the Parent Company					Non-controlling Interests (See Note 25)	Total Equity
	Capital Stock (See Note 25)	Treasury Stock - at Cost (See Note 25)	Revaluation Reserves (See Note 11)	Retained Earnings (See Note 25) Unappropriated	Appropriated		
Balance at April 1, 2015	P 1,651,435,400	(P 33,855,641)	P 136,401,540	P 2,100,875,055	P 2,034,503,100	P 4,135,378,155	P 7,518,830,301
Transactions with owners	-	-	-	(394,776,912)	-	(394,776,912)	(430,872,330)
Cash dividends	-	-	-	-	-	-	-
Appropriations of retained earnings	-	-	-	(707,500,000)	707,500,000	-	-
Appropriations for the year	-	-	-	168,270,000	(168,270,000)	-	-
Reversal of appropriations during the year	-	-	-	(539,230,000)	539,230,000	-	-
Total comprehensive income (loss)	-	-	-	1,166,023,155	-	1,166,023,155	1,224,898,618
Net profit for the year	-	-	(91,404,194)	-	-	-	(92,075,690)
Other comprehensive loss	-	-	(91,404,194)	1,166,023,155	-	1,166,023,155	1,132,822,928
Balance at March 31, 2016	P 1,651,435,400	(P 33,855,641)	P 44,997,346	P 2,332,891,298	P 2,573,733,100	P 4,906,624,398	P 8,220,780,899
Balance at April 1, 2014	P 1,376,863,400	(P 3,733,100)	P 42,077,941	P 1,687,895,350	P 2,055,433,100	P 3,743,328,450	P 6,538,259,729
Transactions with owners	-	-	-	-	-	-	240,000,000
Issuance of shares of stock	-	-	-	-	-	-	(30,122,541)
Acquisition of treasury stock	-	(30,122,541)	-	(274,572,000)	-	(274,572,000)	-
Stock dividend	274,572,000	-	-	(362,345,808)	(362,345,808)	-	(398,463,378)
Cash dividends	-	-	-	-	-	-	(3,329,404)
Reduction in non-controlling interest	-	-	-	(636,917,808)	-	(636,917,808)	(191,915,323)
Appropriations of retained earnings	-	-	-	(35,800,000)	35,800,000	-	-
Appropriations for the year	-	-	-	56,730,000	(56,730,000)	-	-
Reversal of appropriations during the year	-	-	-	(20,930,000)	20,930,000	-	-
Total comprehensive income	-	-	-	1,028,967,513	-	1,028,967,513	1,078,162,296
Net profit for the year	-	-	94,323,599	-	-	94,323,599	94,323,599
Other comprehensive income	-	-	94,323,599	1,028,967,513	-	1,028,967,513	1,172,485,895
Balance at March 31, 2015	P 1,651,435,400	(P 33,855,641)	P 136,401,540	P 2,100,875,055	P 2,034,503,100	P 4,135,378,155	P 7,518,830,301

Attributable to Owners of the Parent Company

	Capital Stock (See Note 25)		Treasury Stock - at Cost (See Note 25)		Revaluation Reserves (See Note 11)		Retained Earnings (See Note 25)		Non-controlling Interests (See Note 25)		Total Equity					
							Appropriated	Unappropriated	Total							
Balance at April 1, 2013	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		-		-		-		-		-		-		479,250,000		479,250,000
Dividends declared		-		-		-		(370,745,181)		(370,745,181)		(370,745,181)		-		(370,745,181)
Appropriations of retained earnings		-		-		-		-		(370,745,181)		(370,745,181)		479,250,000		108,504,819
Appropriations for the year		-		-		-		432,500,000		(432,500,000)		-		-		-
Reversal of appropriations during the year		-		-		-		(5,800,000)		5,800,000		-		-		-
Total comprehensive income (loss)		-		-		-		426,700,000		(426,700,000)		-		-		-
Net profit for the year		-		-		-		-		855,024,656		855,024,656		47,792,548		902,817,204
Other comprehensive loss		-		-		(137,608,352)		-		-		-		-		(137,608,352)
Balance at March 31, 2014		-		-		(137,608,352)		-		855,024,656		855,024,656		47,792,548		765,208,852
Balance at March 31, 2014	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

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,383,237,037	P 1,228,239,357	P 1,030,926,983
Adjustments for:				
Depreciation and amortization	20	272,615,272	216,597,678	146,856,813
Interest income	21	(118,254,585)	(117,582,349)	(126,315,197)
Unrealized foreign exchange losses (gains) - net	21	(27,561,385)	14,929,392	(18,428,746)
Other investment income from available-for-sale financial assets	21	(26,133,578)	(89,197,997)	(78,677,681)
Interest expense	21	400,899	35,189,430	1,067,645
Share in net losses of an associate	14	70,105	42,917	76,839
Impairment losses on receivables from related parties	21	-	-	954,264
Operating profit before working capital changes		1,484,373,765	1,288,218,428	956,460,920
Decrease (increase) in trade and other receivables		(140,334,630)	(69,699,689)	80,712,423
Increase in real estate held-for-sale		-	-	(36,689,243)
Decrease (increase) in other current assets		(8,542,831)	22,118,858	236,414,132
Increase (decrease) in trade and other payables		(214,350,474)	138,219,985	80,332,004
Increase (decrease) in derivative liability		-	(14,433,500)	14,433,500
Increase in deferred revenues		20,253,191	31,941,048	8,889,534
Increase (decrease) in other non-current liabilities		249,034	162,600	(3,323,385)
Cash generated from operations		1,141,648,055	1,396,527,730	1,337,229,885
Income taxes paid		(98,140,166)	(134,455,958)	(134,431,605)
Net Cash From Operating Activities		1,043,507,889	1,262,071,772	1,202,798,280
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	15	(333,246,291)	(600,066,483)	(785,367,171)
Net investment on available-for-sale financial assets		(217,968,211)	(69,128,833)	(225,735,693)
Interest received		147,713,114	215,698,568	7,625,547
Collections of advances to related parties	24	74,370,475	19,490,981	38,870,848
Acquisitions of investment properties	16	(57,234,963)	(71,027,801)	(133,315,204)
Advances granted to related parties	24	(35,570,042)	(86,645,801)	(30,537,540)
Advances from related parties	24	-	26,934,928	-
Proceeds from disposal of property and equipment		-	-	27,326
Net Cash Used in Investing Activities		(421,935,917)	(564,744,441)	(1,128,431,887)

Forward

	Notes	<u>2016</u>	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans	18	(P 688,958,043)	(P 135,090,424)	(P 7,421,452)
Proceeds of interest-bearing loans	18	680,000,000	-	56,981,515
Dividends paid	25	(391,463,964)	(406,538,357)	(349,933,094)
Interest paid	15	(19,990,694)	(35,189,430)	(31,804,701)
Proceeds from issuance of preferred shares to a related party under common management	24	-	240,000,000	479,250,000
Acquisition of treasury shares	25	-	(30,122,541)	-
Net Cash From (Used in) Financing Activities		(420,412,701)	(366,940,752)	147,072,268
Effect of Exchange Rate Changes on Cash and Cash Equivalents				
		978,010	(352,092)	86,664
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		202,137,280	330,034,487	221,525,325
Effect of Deconsolidation of a Subsidiary				
	1	-	(2,171,650)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		887,447,257	559,584,420	338,059,095
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		P 1,089,584,537	P 887,447,257	P 559,584,420

Supplemental Information on Noncash Investing and Financing Activities:

- 1) In 2016, 2015 and 2014, the University declared cash dividends totaling P394.8 million, P362.3 million and P370.7 million, respectively, of which, P11.9 million, P6.0 million and P10.8 million, respectively, were not paid in the year of declaration (see Notes 17 and 25).
- 2) In 2016, certain assets amounting to P103.9 million was reclassified from Investment Property to Property and Equipment. Moreover, certain Real Estate Held for Sale amounting to P9.9 million was reclassified to Investment Property (see Notes 15 and 16).
- 3) In 2015 and 2014, certain assets amounting to P154.8 million and P12.9 million, respectively, were reclassified from Property and Equipment to Investment Property (see Notes 15 and 16).
- 4) The Group capitalized borrowing costs amounting to P19.6 million in 2016 and P30.7 million in 2014 (see Note 15).
- 5) In 2015, TMC - FRC Sports Performance and Physical Medicine Center, Inc. (SPARC) was deconsolidated (see Note 1).
- 6) The University declared and issued 20% stock dividend, or equivalent to P274.6 million in 2015 (see Note 25).

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Financial Soundness Indicators
March 31, 2016, 2015 and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current / liquidity ratio	5.65	2.51	4.80
Quick ratio	5.37	2.36	4.45
Debt-to-equity ratio	0.18	0.21	0.23
Debt-to-asset ratio	0.15	0.17	0.19
Equity-to-asset ratio	0.85	0.83	0.81
Return on assets	13%	12%	11%
Return on equity	15%	14%	14%
Earnings per share	P 70.89	P 62.48	P 51.89

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 liabilities divided by total stockholders' equity

Debt-to-asset ratio - total liabilities divided by total assets

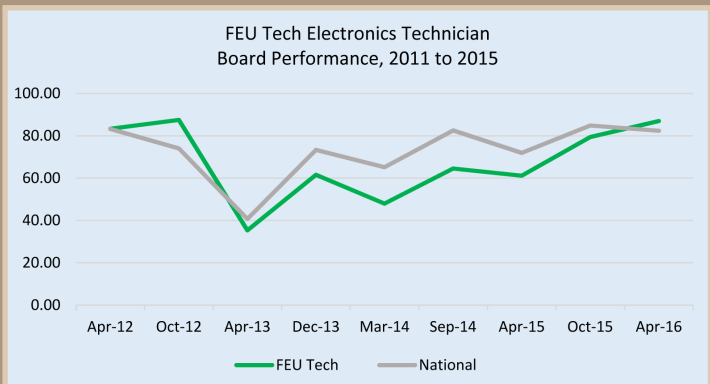
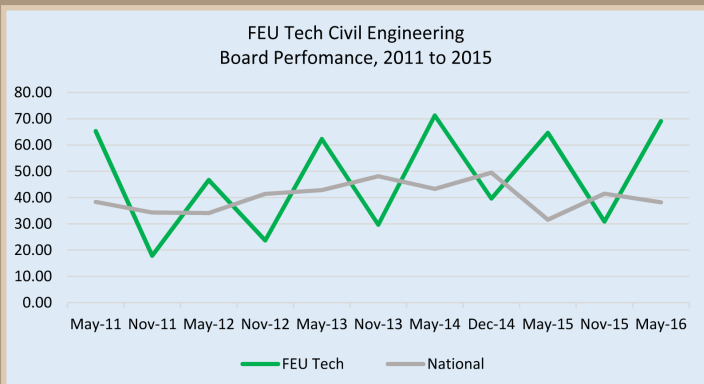
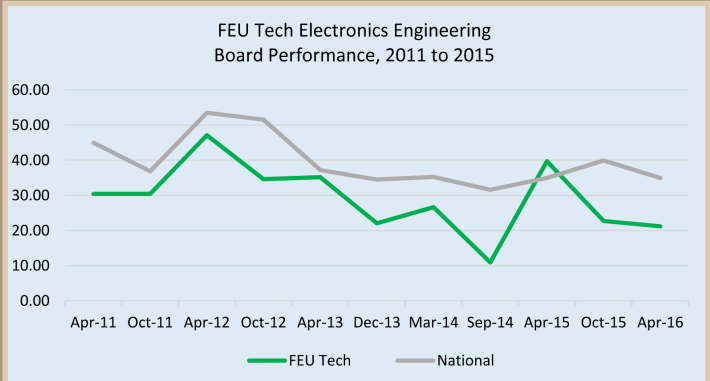
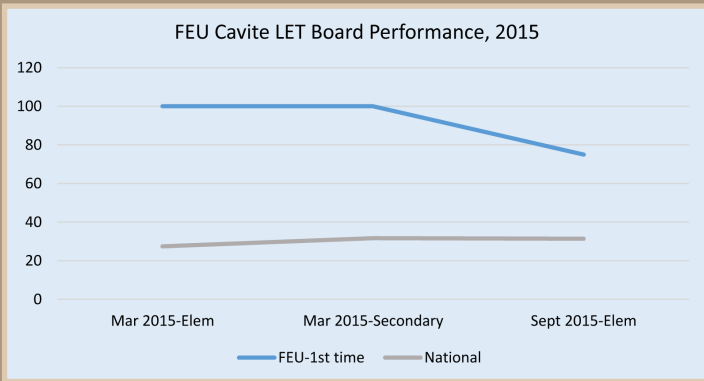
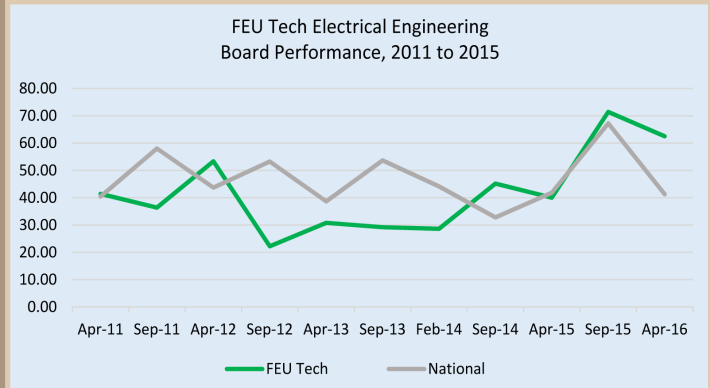
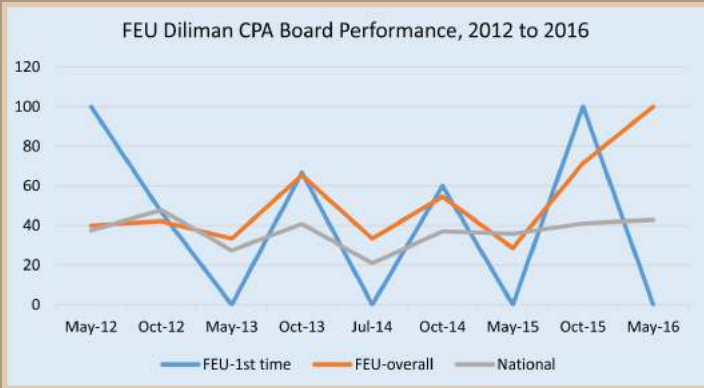
Equity-to-asset ratio - total stockholders' equity divided by total assets

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 total assets

Return on equity - net income divided by total stockholders' equity

Earnings per share - net income divided by outstanding common shares





FEU Alabang Groundbreaking Ceremony
November 11, 2015 - FEU Block, South Corporate Avenue,
corner Corporate Woods Avenue, Filinvest Alabang



Far Eastern University High School Building Facade
Nicanor Reyes Street, Sampaloc, Manila



FAR EASTERN UNIVERSITY 88TH COMMENCEMENT EXERCISES



Solita C. Monsod



Jose Ma. A. Concepcion III



Kenneth S. Yang



Ligaya Fernando-Amilbangsa



Fe. A. Hidalgo



Florin T. Hilbay



20@15
UAAP SEASON 78
FAR EASTERN UNIVERSITY
MEN'S BASKETBALL CHAMPIONS



FEU's Clinton Kingsley Bautista and Roy Kirk Bacas dominated the Men's Track and Field tournament during the UAAP Season 78.

FAR EASTERN UNIVERSITY



IABF Team wins Best paper award in Indonesia

Hanz Benjamin C. Gepty, Justin Emile P. Lalata and Japhet Louis O. Tantiangco from the Institute of Accounts, Business and Finance won the Best Paper Award in the International Student Conference on Asia-Africa Studies (ISCAAS) held October, 16-18 2015 in Bandung, Indonesia.



Ang Paglalatag ng Pilipinas sa Mapa Exhibit

June 30, 2015 - Ground Floor, Nicanor Reyes Hall



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- Ms. Angelina P. Jose - Corporate Secretary/ Member
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