FAR EASTERN UNIVERSITY

P.O. BOX 609 MANILA, PHILIPPINES

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17 - A

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

1. For the fiscal year ended **March 31, 2012**

2. SEC Identification Number **538**

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

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

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

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

7. **Nicanor Reyes Street, Sampaloc, Manila** **1008**
Address of principal office Postal Code

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱100.00 par value	**13,731,303**
Bond with Non-Detachable Warrant, ₱1.00 per unit	**Not Applicable**

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

12. Check whether the registrant:

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

    Yes **[x]** No [ ]

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

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PART I - BUSINESS AND GENERAL INFORMATION

<u>Item 1. Business</u>

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

<u>Brief Discussion of Business</u>

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

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

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

<u>Programs:</u>

Masteral:

Master of Arts (MA) in Psychology

Master of Arts (MA) major in:

- Mass Communication
- Letters

Baccalaureate:

Bachelor of Arts in:

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

Bachelor of Science (BS) in:
- Biology
- Psychology
- Applied Mathematics with Information Technology
- Medical Technology

B.) Institute of Accounts, Business and Finance (IABF)

Programs:

Master of Business Administration (MBA)
(Without Thesis Program)

Baccalaureate:

Bachelor of Science (BS) in Accountancy

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

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

Baccalaureate:

Bachelor of Science (BS) in:
- Hotel and Restaurant Management
- Tourism Management

D.) Institute of Education (IE)

Programs:

Doctoral:

Doctor of Education (Ed.D.) major in Educational Administration

Masteral:

Master of Arts in Education major in:
- Educational Administration (Thesis Program)
- Curriculum and Instruction (Thesis Program)
- Curriculum and Instruction (Without Thesis Program)
- Special Education (Thesis Program)

Baccalaureate:

Bachelor of Elementary Education (B.E.Ed.) major in:
- General Education
- Special Education

Bachelor of Secondary Education (B.S.Ed.) major in:
- Mathematics
- Sports & Recreational Management
- English
- General Science
- Music, Arts and Physical Education

Certificate:

Teacher Certificate Program

E.) <u>Institute of Architecture and Fine Arts (IARFA)</u>

<u>Programs:</u>

Baccalaureate:

Bachelor of Science in Architecture (B.S. Arch.)

Bachelor of Fine Arts (BFA) major in:
- Advertising Arts
- Painting

F.) <u>Institute of Law (IL)</u>

<u>Programs:</u>

Post-Baccalaureate:

Bachelor of Law (LI.B.)
Juris Doctor (JD)

G.) <u>Institute of Nursing</u>

<u>Programs:</u>

Masteral:

Master of Arts in Nursing

Baccalaureate:

Bachelor of Science in Nursing (BSN)

H.) FEU-Makati

<u>Programs:</u>

Masteral:

Master in Business Administration (MBA)

Baccalaureate:

Bachelor of Science (BS) in
- Accountancy
- Accounting Technology
- Information Technology

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

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

<u>Accreditation on Programs</u>

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

Bachelor of Arts in Mass Communication

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

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

Bachelor of Science in Accountancy

Bachelor of Science in Biology

Bachelor of Science in Applied Mathematics with Information Technology

Bachelor of Science in Psychology

Bachelor of Science in Secondary Education

Bachelor of Science in Elementary Education

Meanwhile, the Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) visited the University on September 16-17, 2010 and granted a Level II Reaccredited Status to its Nursing program for another 5 years.

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

Distribution methods of the products/services:

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

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

Institute	Percentage to Revenues
Institute of Accounts, Business and Finance	23.09%
Institute of Arts and Sciences	24.13%
Institute of Nursing	15.82%
Institute of Tourism and Hotel Management	21.10%

Customers: Students

Purchases of Raw Materials: NOT APPLICABLE

Distribution methods of the products/services:

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

Competition:

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

Item 2. Properties

FEU owns Seventeen Thousand Nine Hundred Sixty-Seven (17,967) square meters of real properties with improvements in Nicanor Reyes Street, Sampaloc, Manila, wherein its main campus is situated.

The principal properties which include buildings, land improvements and equipments are as follows:

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
I. PROPERTY, PLANT & EQUIPMENT:			-		
L A N D	98,457,565.00	-	98,457,565.00	Manila	Very Good
BUILDINGS & LAND IMPROVEMENTS					
New Technology Building II	283,478,051.00	84,147,751.00	199,330,300.00	"	"
Alfredo Reyes Hall	118,895,920.00	40,771,546.00	78,124,374.00	"	"
Leasehold Improvement	173,139,870.00	30,809,380.00	142,330,490.00	"	"
New Technology Building-Idle Hosp. Bldg.	10,839,825.00	1,533,180.00	9,306,645.00	"	"
Science Building	103,983,032.00	26,361,324.00	77,621,708.00	"	"
Arts Building	30,958,003.00	8,660,789.00	22,297,214.00	"	"
Nicanor Reyes Hall	49,424,202.00	8,936,928.00	40,487,274.00	"	"
GEC & Educational Hall	-	-	-	"	"
Grade School	-	-	-	"	"
S B Covered Walk	617,737.00	586,850.00	30,887.00	"	"
Covered Passage	3,202,126.00	912,913.00	2,289,213.00	"	"
Fence	715,360.00	618,193.00	97,167.00	"	"
Campus Pavilion	1,661,650.00	476,153.00	1,185,497.00	"	"
GSB Covered Walk	310,000.00	294,499.00	15,501.00	"	"
Powerhouse	296,196.00	296,196.00	-	"	"
Chapel	5,068,611.00	-	5,068,611.00	"	"
Others	9,992,679.00	1,837,984.00	8,154,695.00	"	"
Grandstand	1,562,113.00	194,115.00	1,367,998.00	"	"
FEU Makati Campus	151,225,017.00	13,287,214.00	137,937,803.00	Makati	"
	945,370,392.00	219,725,015.00	725,645,377.00		
CONSTRUCTION IN PROGRESS	26,769,262.00		26,769,262.00		
EQUIPMENTS					
Furnitures & Fixtures	36,763,454.00	19,610,098.00	17,153,356.00	Manila	"
Electrical & Mechanical	74,059,733.00	63,193,436.00	10,866,297.00	"	"
Information Technology	45,176,146.00	35,292,688.00	9,883,458.00	"	"
Transportation Equipment	26,476,241.00	13,386,726.00	13,089,515.00	"	"
Miscellaneous Fixed Assets	102,683,498.00	80,986,475.00	21,697,023.00	"	"
Instruments & Utensils	720,269.00	504,182.00	216,087.00	"	"
T o o l s	1,315,994.00	1,069,087.00	246,907.00	"	"
Linen	299,914.00	299,914.00	-	"	"
Museum Collection	8,900,199.00	-	8,900,199.00	"	"
	296,395,448.00	214,342,606.00	82,052,842.00		
TOTAL	1,366,992,667.00	434,067,621.00	932,925,046.00		
II. INVESTMENT PROPERTY:					
LAND	53,394,726.00		53,394,726.00	"	"
COLLEGE OF ENGINEERING BUILDING	207,626,479.00	97,309,715.00	110,316,764.00	"	"
TOTAL	261,021,205.00	97,309,715.00	163,711,490.00		
GRAND TOTAL	**1,628,013,872.00**	**531,377,336.00**	**1,096,636,536.00**		

The above-mentioned properties are not mortgaged, encumbered, or under any lien.

Properties leased by the corporation from FERN Realty, Inc.

	Annual Rental (12 months)	Contract Date
Education Building – an eight (8) storey building made of concrete materials located on Nicanor Reyes St., Manila	₱51,498,342.00 plus applicable VAT	July 1, 2011 to June 30, 2012
Nursing Building – an eight (8) storey building made of concrete materials located on Nicanor Reyes St., Manila		
Law Building – a four (4) storey building made of concrete materials located on Nicanor Reyes St., Manila		
Administration Building – a four (4) storey building made of concrete materials located on Nicanor Reyes St., Manila		
Gymnasium - a two (2) storey building made of concrete materials located on R. Papa St., Manila		

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

Employees: (As of March 31, 2012)

Number of Employees

Officials		-	10
Senior Staff		-	47
Non-Academic:			
	Supervisor	-	69
	Rank-and-File	-	299
Academic:			
	Lecturer	-	589
	Regular	-	388

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

Inclusive Dates of CBA

Non-Academic	July 16, 2011 - July 15, 2016
Academic	Sept. 1, 2011 - August 31, 2016

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

Working Capital: All of the company's working capital for its existing operation for fiscal year April 1, 2011 to March 31, 2012 was internally generated.

Item 3. Legal Proceedings

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

External Cases

A. Pending Court Cases as of 1 April 2012

1. FEU-ELU vs. FEU, NLRC Case No CA GRSP No. 102249
2. Meynard Bathan vs. FEU, CA GR SP No. 121492
3. Lalaine Magat vs. FEU, NLRC Case No. 11-16043
4. Meynard Bathan vs. FEU, NLRC Case No. 01-01829-12
5. Judith Mappala & Jovito Salon vs. FEU, NLRC Case No. 01-00227-12

Involvement of Directors and Officers in Certain Legal Proceedings

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

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

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

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

Part II - OPERATIONAL AND FINANCIAL INFORMATION

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

DIVIDENDS DECLARED FOR THE FISCAL YEAR ENDED MARCH 31, 2012

Dividends During the Year:

Cash Dividend:

Payment Date	Outstanding Shares		Cash Dividend Rate		Amount
July 20, 2011	9,808,448	₱	15.00/share	₱	147,126,720.00
February 15, 2012	13,731,303		12.00/share		164,775,636.00
				₱	311,902,356.00
					=================

Stock Dividend:

Upliftment Date	Outstanding Shares	Stock Dividend Rate	AMOUNT Whole Shares	Fractional Shares paid in cash	Total
December 19, 2011	9,808,448	40%	₱ 392,285,500.00	₱ 52,420.00	₱ 392,337,920.00
	========	=====			==============

Recent Sales of Unregistered Securities

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

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

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

Herewith are the high, low, and closing prices of shares of stock traded from April 2011 to March 2012:

Month	Price *(in PhP)*					
	High	High (adjusted)	Low	Low (adjusted)	Close	Close (adjusted)
April	820.00	585.71	770.00	550.00	780.00	557.14
May	790.00	564.29	770.00	550.00	770.00	550.00
June	900.00	642.86	765.00	546.43	900.00	642.86
July	1,000.00	714.29	850.00	607.14	955.50	682.50
August	1,127.00	805.00	1,000.00	714.29	1,100.00	785.71
September	1,350.00	964.29	1,110.00	792.86	1,350.00	964.29
October	1,300.00	928.57	1,150.00	821.43	1,160.00	828.57
November	1,750.00	1,250.00	915.00	891.43	1,100.00	1,100.00
December	1,015.00	1,015.00	992.00	992.00	1,000.00	1,000.00
January	1,050.00	1,050.00	900.00	900.00	998.00	998.00
February	1,100.00	1,100.00	975.00	975.00	999.00	999.00
March	1,000.00	1,000.00	800.00	800.00	960.00	960.00

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

A) April 01, 2011 - March 31, 2012

Period	High	High (adjusted)	Low	Low (adjusted)	Close	Close (adjusted)
First Quarter	₱ 836.66	₱ 597.62	₱ 768.33	₱ 548.81	₱ 816.66	₱ 583.33
Second “	1,159.00	827.86	986.66	704.76	1,135.16	810.33
Third “	1,355.00	1,064.52	1,019.00	901.62	1,086.66	976.19
Fourth “	1,050.00	1,050.00	891.66	891.66	985.66	985.66

B) April 01, 2010 - March 31, 2011

Period	High	Low	Close
First Quarter	₱ 798.33	₱ 770.00	₱ 776.66
Second “	790.00	761.66	775.00
Third “	785.66	775.66	777.66
Fourth “	779.33	765.00	775.66

The number of shareholders on record as of March 31, 2012 was **One Thousand Four Hundred Fifty-Six (1,456)**. Common shares issued and outstanding were **13,731,303.**

20 TOP FEU STOCKHOLDERS AS OF MARCH 31, 2012

Title of Class	Name of Beneficial Owner	No. of Shares and Nature of Beneficial Ownership	Citizenship	Percent Of Class
1. Common	Seyrel Investment and Realty Corporation	3,930,969 – D	Filipino	28.6278
2. Common	Sysmart Corporation	2,907,574 – D	Filipino	21.1748
3. Common	Desrey, Inc.	1,098,720– D	Filipino	8.0016
4. Common	Angelina D. Palanca	441,613 – D	Filipino	3.2161
5. Common	PCD Nominee Corporation (Filipino)	366,456 – D	Filipino	2.6688
6. Common	Sr. Victorina D. Palanca	308,000 – D	Filipino	2.2431
7. Common	ICM Sisters Phil. Mission Board, Inc.	301,000 – D	Filipino	2.1921
8. Common	Aurelio R. Montinola III	251,510 – D	Filipino	1.8317
9. Common	Marco P. Gutang	175,113 – D	Filipino	1.2753
10. Common	Gonzaga-Lopez Enterprises, Inc.	168,190 – D	Filipino	1.2249
11. Common	Jomibel Agricultural Development Corp.	149,070 – D	Filipino	1.0856
12. Common	AMON Trading Corporation	85,689 – D	Filipino	0.6240
13. Common	ZARE, Inc.	69,468 – D	Filipino	0.5059
14. Common	Rosario P. Melchor	67,519 – D	Filipino	0.4917
15. Common	Rosario Panganiban-Melchor	61,294 – D	Filipino	0.4464
16. Common	Mitos Sison	56,512 – D	Filipino	0.4116
17. Common	Consorcia P. Reyes	55,071 – D	Filipino	0.4011
18. Common	Juan Miguel R. Montinola	52,521 – D	Filipino	0.3825
19. Common	Antonio R. Montinola	50,344 – D	Filipino	0.3666
	Gianna R. Montinola	50,344 – D	Filipino	0.3666
20. Common	Lourdes R. Montinola	46,634 – D	Filipino	0.3396

Management's Discussion and Analysis or Plan of Operation

Financial Position :

On March 31, 2009, the company had a total resources of P3,466.1 million, a total liability of P576.9 million and a net worth of P2,889.2 million. Company resources consisted of P2,443.9 million current assets and P1,022.2 million non-current assets. Most of the company's current assets were quick assets amounting to P2,348.2 million, an amount more than sufficient to cover the company's total liability of P576.9 million as they fall due. The company's net worth consisted of a paid-up capital, net of treasury stocks, amounting to P980.80 million; an accumulated fair value loss of P9.5 million; and a retained earnings of P1,917.9 million. The company's retained earnings consisted of a P975.1 million restricted/appropriated retained earnings and a P942.8 million free/unappropriated retained earnings.

As of March 31, 2010, total assets amounted to P3,741.2 million which was 7.94% higher than the previous year's P3,466.1 million. Total liabilities amounted to P518.9 million which was 10% lower than the previous year's P576.9 million. Equity amounted to P3,222.3 million which was 11.53% higher than the previous year's P2,889.2 million. Current ratio was 4.8:1 and debt was 16% of equity.

As of March 31, 2011 total assets amounted to P4,046.7 million. Total liabilities amounted to P468.3 million while total stockholders' equity reached P3,578.4 million. Compared to the previous year, assets and stockholders' equity increased by 8.16% and 11.05 % respectively while liabilities decreased by 9.75%. Current ratio was 4.68:1 and debt was 13% of equity.

As of March 31, 2012, total assets amounted to P4,530.6 million which was 11.96% higher than the previous year's P4,046.7 million. Total liabilities amounted to P488.3 million which was 4.27% higher than the previous year's P468.3 million. Equity amounted to P4,042.3 million which was 12.96% higher than the previous year's P3,578.4 million. Current ratio was 5.78:1 and debt was 12% of equity.

For the past four (4) years, total assets increased at an average annual rate of 9.46% or P343.32 million a year. On the average, liabilities decreased at around P21.0 million or 3.67% a year.

(In Million Pesos)

Year	Total Assets	Increase (Decrease) Amount	%	Total Liabilities	Increase (Decrease) Amount	%
March 31, 2008	3,157.3			572.1		
March 31, 2009	3,466.1	308.8	9.78%	576.9	4.8	.84%
March 31, 2010	3,741.2	275.1	7.94%	518.9	(58.0)	(10.05%)
March 31, 2011	4,046.7	305.5	8.16%	468.3	(50.6)	(9.75%)
March 31, 2012	4,530.6	483.9	11.96%	488.3	20.0	4.27%
		1,373.3	37.84%		(83.8)	(14.69%)
Four year average		343.32	9.46%		(21.0)	(3.67%)

During the past four years, the company's solvency steadily improved as shown by the following figures in million Pesos:

Year	Total Assets	Total Liabilities	Excess of Assets over Liabilities
March 31, 2009	P 3,466.1	P 576.9	P 2,889.2
March 31, 2010	3,741.2	518.9	3,222.3
March 31, 2011	4,046.7	468.3	3,578.4
March 31, 2012	4,530.6	488.3	4,042.3

As of March 31, 2012, the company has P9.28 worth of assets to pay for every P1.00 worth of liability.

During the same period of time, the company remained liquid as shown by the following statistics in million Pesos:

Year	Current Assets	Current Liabilities	Excess of Current Assets over Current Liabilities
March 31, 2009	P 2,443.9	P 576.9	P 1,867.0
March 31, 2010	2,484.6	518.9	1,965.7
March 31, 2011	2,192.1	468.3	1,723.8
March 31, 2012	2,823.4	488.3	2,335.1

As of March 31, 2012, the company has P5.78 worth of current assets to pay for every P1.00 worth of current liability.

The constant and steady improvement in the company's financial condition both in solvency and liquidity is largely attributed to the company's net income each year over the past four years, net of cash dividends paid over the same period of time.

(In Million Pesos)

Year	Net Income	Cash Dividends Paid	%	Excess of Net Income over Cash Dividends Paid	%
2008 – 2009	567.0	252.2	44.5%	314.8	55.5%
2009 – 2010	594.4	294.2	49.5%	300.2	50.5%
2010 – 2011	637.6	294.2	46.1%	343.4	53.9%
2011 – 2012	713.0	311.9	43.7%	401.1	56.3%
					216.2%
Four year average					54.05%

As a result and based on the above figures, around 54.05% of each year's net income has been retained by the company, thus, the steady increase in owners' equity as follows:

(In Million Pesos)

Year	Owner's Equity	Increase (Decrease)	%
	2,585.3		
March 31, 2009	2,889.2	303.9	11.75%
March 31, 2010	3,222.3	333.1	11.52%
March 31, 2011	3,578.4	356.1	11.05%
March 31, 2012	4,042.3	463.9	12.96%

As of March 31, 2012, owner's equity accounts for 89.22% of total assets. Since 62.32% of the company's total assets is current, the company can pay all its liabilities and still have 51.54% current assets and 37.68% non-current assets. In pesos, this would mean P2,335.1 million current assets and P1,707.2 million non-current assets after paying all liabilities amounting to P488.3 million as of March 31, 2012.

	In Million	%
Owners' Equity	P4,042.3	89.22%
Total Assets	4,530.6	100.00%
Non-Current Assets	1,707.2	37.68%
Current Assets	2,823.4	62.32%
Total Liabilities	488.3	10.78%
Current Assets after Total Liabilities	2,335.1	51.54%

Results of Operations

Net income after tax in 2008-2009 amounted to P567.0 million. Operating income contributed 77.45% while the 22.55% came from other income. Operating income, reached P497.4 million as a result of a total educational revenue of P1,791.9 million and a total operating expense of P1,294.5 million. Other income amounted to P144.8 million and came mainly from investment income (P120.7 million) and rental income (P22.9 million).

For the year 2009-2010, net income for the period amounted to P594.4 million and was 4.83% higher than the previous year's P567.0 million. This year's figure consisted of 77.74% operating profit and 22.26% other income. Operating profit increased by P24.3 million while other income increased by P4.6 million. As a result, net income after tax increased by P27.4 million.

For the year 2010-2011, net income for the period was P637.6 million which was 7.27% higher than the previous year's P594.4 million. This year's figure consisted of 72.22% operating profit and 27.78% other income. Operating profit increased by P1.3 million and other income by P51.8 million. As a result, net income after tax for the year increased by P43.2 million.

For the year 2011-2012, net income for the period amounted to P713.0 million which was 11.83% higher than the previous year's P637.6 million. This year's figure consisted of 66.63% operating profit and 33.37% other income. Operating profit increased by P16.8 million while other income increased by P69.1 million. The combined effect resulted in an increase in net income after tax by P75.4 million.

The company's operating profit which is largely dependent on enrollment, was up in 2006-2007 when enrollment was still at the 26,000 level but went down in 2007-2008, 2008-2009 and 2009-2010 when enrollment dropped to 23,000. In 2010-2011, the first semester enrollment increased to 24,600 but the first year operating cost of the newly opened Makati Campus offset the increase in educational income thus, the minimal increase in operating profit for 2010-2011. In 2011-2012, the first semester enrollment further increased to 26,962, thus further improving the company's operating profit.

Other income consists largely of investment income. During the past four years, investment income accounted for 68.08% of the total other income. Rental income accounted for 18.80% while the remaining 13.12% is from management fees and other miscellaneous income.

A Look of What Lies Ahead

For the school year 2012-2013, the first semester enrollment increased by 10.26%. The increase in enrollment is attributed to our improved facilities and new course offerings. Our newly-opened Makati branch is almost at full capacity and we expect its enrollment to remain substantial in years to come.

The 4.8% tuition fee increase for 2012-2013 is slightly higher than the previous year's 4.5%. With the proper management of resources, we expect that operating profit will improve this year.

With the company's current assets amounting to P2,823.4 million and non-current assets amounting to P1,707.2 million as of March 31, 2012 and with the expected net income, the company does not foresee any cash flow or liquidity problem in the next 12 months. The company can easily meet all its commitments including those for improvements in instructional and other facilities from its present reserves and from expected future earnings.

For the year's ahead, management is committed to continue to uplift academic standards even more. This will be done through continuously updating curricula, strengthening faculty, improving services to students and providing the best educational facilities. With an additional campus and with sustained improvement in all fronts, plus a reasonable tuition fee hike, the University is confident that it will maintain its market share in the industry.

Top Five (5) Key Performance Indicators

I. Test of Liquidity

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

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

March 31, 2009	4.24:1
March 31, 2010	4.79:1
March 31, 2011	4.68:1
March 31, 2012	5.78:1

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

March 31, 2009	4.07:1
March 31, 2010	4.61:1
March 31, 2011	4.62:1
March 31, 2012	5.72:1

II. Test of Solvency

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

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

March 31, 2009	20%
March 31, 2010	16%
March 31, 2011	13%
March 31, 2012	12%

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

March 31, 2009	17%
March 31, 2010	14%
March 31, 2011	12%
March 31, 2012	11%

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

March 31, 2009	83%
March 31, 2010	86%
March 31, 2011	88%
March 31, 2012	89%

III. Test of Profitability

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

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

March 31, 2009	16%
March 31, 2010	16%
March 31, 2011	16%
March 31, 2012	16%

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

March 31, 2009	20%
March 31, 2010	18%
March 31, 2011	18%
March 31, 2012	18%

3. Earnings per share measures the net income per share.

March 31, 2009	57.81
March 31, 2010	60.60
March 31, 2011	65.00
March 31, 2012	51.93

IV. Product Standard

1. Teaching performance in the University is constantly being monitored to maintain a satisfactory level of excellence. Various incentives are given to our faculty for teaching excellence.

2. The Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) has granted Certificates of Level III Re-accredited Status from April 2011 to April 2016 to:

   Bachelor of Arts in Mass Communications

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

   Similarly, effective April 2011, PACUCOA granted A Level III Reaccredited Status to:

   Bachelor of Science in Accountancy
   Bachelor of Science in Biology
   Bachelor of Science in Applied Mathematics with Information Technology
   Bachelor of Science in Psychology
   Bachelor of Science in Secondary Education
   Bachelor of Science in Elementary Education

   Meanwhile, the Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) visited on September 16-17, 2010 and granted a level II Reaccredited Status to its Nursing program for another 5 years.

3. Performance of FEU graduates in their respective Board Exams is generally better than the national passing rate with the following board placers:

CPA, October 2011	10th Place
CPA, May 2011	10th Place
BAR, 2011	9th Place
Nursing, 2011	3rd, 6th, 7th, 9th and 10th Places
Teacher Licensure Exam., 2011	8th and 9th Places

V. Market Acceptability

1. Below is a schedule of the first semester enrollment for the past 4 years:

SY	Enrollment	Increase (Decrease)
2008-2009	23,291	
2009-2010	22,885	(406)
2010-2011	24,672	1,787
2011-2012	26,962	2,290

2. Below is a schedule of Entrance and Entrance Merit Scholars for the past 4 years:

SY	Entrance	Entrance Merit	Total
2008-2009	949	315	1,264
2009-2010	958	198	1,156
2010-2011	1,126	223	1,349
2011-2012	1,475	230	1,705

The growth in enrollment despite difficult times and the increase in the number of valedictorians, salutatorians and entrance merit scholars are indications that FEU is one of the better choices among the various colleges and universities in the metropolis.

Facts

	(In Million Pesos)			
	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012
Quick Assets	2,348.2	2,393.7	2,163.3	2,793.5
Current Assets	2,443.9	2,484.6	2,192.1	2,823.4
Non-Current Asset	1,022.2	1,256.6	1,854.6	1,707.2
Total Assets	3,466.1	3,741.2	4,046.7	4,530.6
Current Liabilities	576.9	518.9	468.3	488.3
Total Liabilities	576.9	518.9	468.3	488.3
Stockholder's Equity	2,889.2	3,222.3	3,578.4	4,042.3
Operating Income	497.4	521.7	523.0	539.8
Other Income	144.8	149.4	201.2	270.3
Net Profit before Tax	642.2	671.1	724.2	810.1
Net Profit after Tax	567.0	594.4	637.6	713.0
Other Comprehensive Income	(10.8)	17.4	12.8	62.9
Total Comprehensive Income	556.2	611.8	650.4	775.9
Total Outstanding shares	9,808,448	9,808,448	9,808,448	13,731,303

Other Items

1. The current economic condition may still affect the sales/revenues/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 company

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

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

6. A new school site (FEU Makati Campus) was constructed and opened in June 2010 at the Makati area to offer business courses. Its educational income for the year ended March 31, 2012 is P46.55 million while its operating expense for the same period amounted to P38.33 million.

   The Board of Trustees in its meeting held on March 16, 2010, also authorized the Corporation to join and participate as a party/co-venturer with PHI Culinary Arts and Food Services Institute, Inc. to set up a Joint Venture Company (JVC) named ICF-CCE, Inc. for the purpose of owning and operating a culinary arts school to be named "ICF@FEU". The registration of the JVC was approved by SEC on May 7, 2010.

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

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

   There are three school terms within a fiscal year: the summer (April-May), the first semester (June to October) and the second semester (November to March). The first semester has the highest enrollment at an average of 24,000 students. The second semester is usually at 90% of the first semester's enrollment while summer is the lowest at around 33%. The full load of a student during the summer is 9 units compared to 21 to 24 during the first and second semesters. The tuition fee increase, if any, usually takes effect during the first semester of the current school year. Thus, old rates are followed during the summer term while new rates are used during the first and second semesters. Since the first quarter is from April to June, the resulting income for the first quarter is expected to be lowest among the four quarters of the fiscal year.

Formula

A. Liquidity

1. Current ratio $= \dfrac{\text{Current assets}}{\text{Current Liabilities}}$

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

B. Solvency

1. Debt to Equity ratio $= \dfrac{\text{Total liabilities}}{\text{Total Stockholder's Equity}}$

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

3. Equity to Asset ratio $= \dfrac{\text{Total Stockholder's Equity}}{\text{Total assets}}$

C. Profitability

1. Return on Assets $= \dfrac{\text{Net Profit}}{\text{Total assets}}$

2. Return on Owner's Equity $= \dfrac{\text{Net Profit}}{\text{Total Stockholder's Equity}}$

3. Earning per share $= \dfrac{\text{Net Profit}}{\text{Total Outstanding shares}}$

FAR EASTERN UNIVERSITY
SCHEDULE OF PROPERTY, PLANT & EQUIPMENT/INVESTMENT PROPERTY
SCHOOL YEAR 2010 - 2011

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
I. PROPERTY, PLANT & EQUIPMENT:					
			-		
L A N D	98,457,565.00	-	98,457,565.00	Manila	Very Good
BUILDINGS & LAND IMPROVEMENTS					
New Technology Building II	283,478,051.00	84,147,751.00	199,330,300.00	"	"
Alfredo Reyes Hall	118,895,920.00	40,771,546.00	78,124,374.00	"	"
Leasehold Improvement	173,139,870.00	30,809,380.00	142,330,490.00	"	"
New Technology Building-Idle Hosp. Bldg.	10,839,825.00	1,533,180.00	9,306,645.00	"	"
Science Building	103,983,032.00	26,361,324.00	77,621,708.00	"	"
Arts Building	30,958,003.00	8,660,789.00	22,297,214.00	"	"
Nicanor Reyes Hall	49,424,202.00	8,936,928.00	40,487,274.00	"	"
GEC & Educational Hall	-	-	-	"	"
Grade school	-	-	-	"	"
S B Covered Walk	617,737.00	586,850.00	30,887.00	"	"
Covered Passage	3,202,126.00	912,913.00	2,289,213.00	"	"
Fence	715,360.00	618,193.00	97,167.00	"	"
Campus Pavilion	1,661,650.00	476,153.00	1,185,497.00	"	"
GSB Covered Walk	310,000.00	294,499.00	15,501.00	"	"
Powerhouse	296,196.00	296,196.00	-	"	"
Chapel	5,068,611.00	-	5,068,611.00	"	"
Others	9,992,679.00	1,837,984.00	8,154,695.00	"	"
Grandstand	1,562,113.00	194,115.00	1,367,998.00	"	"
FEU Makati Campus	151,225,017.00	13,287,214.00	137,937,803.00	Makati	"
	945,370,392.00	219,725,015.00	725,645,377.00		
CONSTRUCTION IN PROGRESS	26,769,262.00	-	26,769,262.00		
EQUIPMENTS					
Furnitures & Fixtures	36,763,454.00	19,610,098.00	17,153,356.00	Manila	"
Electrical & Mechanical	74,059,733.00	63,193,436.00	10,866,297.00	"	"
Information Technology	45,176,146.00	35,292,688.00	9,883,458.00	"	"
Transportation Equipment	26,476,241.00	13,386,726.00	13,089,515.00	"	"
Miscellaneous Fixed Assets	102,683,498.00	80,986,475.00	21,697,023.00	"	"
Instruments & Utensils	720,269.00	504,182.00	216,087.00	"	"
T o o l s	1,315,994.00	1,069,087.00	246,907.00	"	"
Linen	299,914.00	299,914.00	-	"	"
Museum Collection	8,900,199.00	-	8,900,199.00	"	"
	296,395,448.00	214,342,606.00	82,052,842.00		
TOTAL	1,366,992,667.00	434,067,621.00	932,925,046.00		
II. INVESTMENT PROPERTIES:					
LAND	53,394,726.00	-	53,394,726.00	"	"
COLLEGE OF ENGINEERING BUILDING	207,626,479.00	97,309,715.00	110,316,764.00	"	"
TOTAL	261,021,205.00	97,309,715.00	163,711,490.00		
GRAND TOTAL	**1,628,013,872.00**	**531,377,336.00**	**1,096,636,536.00**		

2011- 2012 PERSONAL ADVANCES

NAMES		BALANCE AT BEGINNING PERIOD	ADDITIONS	SALARY DEDUCTIONS	AMOUNTS WRITTEN OF	BALANCE AT THE END OF PERIOD	CURRENT	NOT CURRENT
Abellera, Evelyn C.	P	302.23				302.23		302.23
Acab, Deborah A.		10,400.00				10,400.00		10,400.00
Acena, Joyce Lisa Jonson		(48,424.97)				(48,424.97)		(48,424.97)
Amacan, Normita C.		(3,764.00)				(3,764.00)		(3,764.00)
Amlog, Jocelyn A.		45,000.00				45,000.00		45,000.00
Ampatin, Estrella V.		26,005.00				26,005.00		26,005.00
Anastacio, Nanette V.		(8,165.47)				(8,165.47)		(8,165.47)
Anido, Cecilia I.		121,462.54				121,462.54		121,462.54
An Lim, Jaime L.		(1,455.72)				(1,455.72)		(1,455.72)
Ansano, Bela R.		11,590.42				11,590.42		11,590.42
Arabia, Julieta S.		(1,900.00)				(1,900.00)		(1,900.00)
Arquiza, Glenda S.		(9,845.50)				(9,845.50)		(9,845.50)
Atanque, Aurora L.		(2,288.82)				(2,288.82)		(2,288.82)
Azor, Helen A.		(1,528.17)				(1,528.17)		(1,528.17)
Bartolome, Liezl DM.		(58.00)				(58.00)		(58.00)
Bautista, Andres D.		3,000.00				3,000.00		3,000.00
Belleza, Asuncion L.		(12,289.47)				(12,289.47)		(12,289.47)
Belza, Mercedes A.		7,060.00				7,060.00		7,060.00
Briones, Domingo J.		9,958.10				9,958.10		9,958.10
Bueno, Marivic		10,000.00				10,000.00		10,000.00
Buenvenida, Santos		3,971.75				3,971.75		3,971.75
Bulanhagui, Nida B.		620.00				620.00		620.00
Bustamante, Ma. Christine H.		8,600.00				8,600.00		8,600.00
Caagbay, Elpidio Z.		(5,305.00)				(5,305.00)		(5,305.00)
Cabaltica, Leilani A.		4,210.55				4,210.55		4,210.55
Cabantac, Ricardo R.		7,060.00				7,060.00		7,060.00
Cadorna, Rosemarie S.		656.20				656.20		656.20
Cando, Cromwell M.		1,248.00				1,248.00		1,248.00

Cao, Marilou F.	(4,867.00)	(4,867.00)	(4,867.00)
Capacio, Glenn	(7,300.00)	(7,300.00)	(7,300.00)
Caramanza, Edward M.	9,000.00	9,000.00	9,000.00
Carpio, Miguel M.	(13,086.34)	(13,086.34)	(13,086.34)
Castro, Joeven R,	4,555.00	4,555.00	4,555.00
Castro, Lawrence Chistopher	1,765.22	1,765.22	1,765.22
Cometa, Ma. Victoria D.	(7,775.00)	(7,775.00)	(7,775.00)
Concha, Jhonalyn M.	10,900.00	10,900.00	10,900.00
Cruz, Anita B.	25,000.00	25,000.00	25,000.00
Cruz, Christybel O.	928.75	928.75	928.75
Cruz, Eloisa G.	3,362.50	3,362.50	3,362.50
Cruz, Marites J.	9.16	9.16	9.16
Cruz, Precita P.	(1,400.00)	(1,400.00)	(1,400.00)
Cruz, Sandra Lyn D.	44,780.56	44,780.56	44,780.56
Culala, Harold John D.	(5,835.00)	(5,835.00)	(5,835.00)
Cunanan, Fernando M.	1,025.03	1,025.03	1,025.03
Davalos, Zenaida R.	(499.20)	(499.20)	(499.20)
Demagante, Rey Francis G.	50.00	50.00	50.00
Destura, Blanca	224.56	224.56	224.56
Dimalibot, Martina Geraldine	1,926.98	1,926.98	1,926.98
Dingding, Quintin P.	70.00	70.00	70.00
Dizon, Mercy G.	(800.00)	(800.00)	(800.00)
Elman, Mario B.	(1,800.00)	(1,800.00)	(1,800.00)
Escosia, Aurora A.	23,699.77	23,699.77	23,699.77
Eser, Myline S.	33,035.86	33,035.86	33,035.86
Esquibel, Elizabeth	5,000.00	5,000.00	5,000.00
Esteban, Alejandro L.	5,000.00	5,000.00	5,000.00
Estrella, Gloria	1,460.37	1,460.37	1,460.37
Estrella, Luisito P.	(300.00)	(300.00)	(300.00)
Fabros, Marietta	5,295.67	5,295.67	5,295.67
Felizardo, Dante A.	10,000.00	10,000.00	10,000.00
Fernando, Gerry V.	967.00	967.00	967.00
Fesalbon, Hermond F.	7,729.34	7,729.34	7,729.34
Fiesta, Erlinda P.	8,532.50	8,532.50	8,532.50
Figer, Reggy C.	24,300.00	24,300.00	24,300.00
Flores, Roberto C.	(32,250.00)	(32,250.00)	(32,250.00)
Frades, Francisca B.	(477.85)	(477.85)	(477.85)

Galiza, Miguela S.	45,000.00	45,000.00	45,000.00
Gallardo, John	13,000.40	13,000.40	13,000.40
Garcia, Dolores A.	50,000.00	50,000.00	50,000.00
Garcia, Earl Jimson R.	6,000.00	6,000.00	6,000.00
Garcia, Mylene M.	10,000.00	10,000.00	10,000.00
Gariguez, Mariflor N.	10,591.34	10,591.34	10,591.34
Garin, May C.	15,534.22	15,534.22	15,534.22
Gubio, James B.	(6,000.00)	(6,000.00)	(6,000.00)
Guevarra, Remedios P.	4,297.00	4,297.00	4,297.00
Guzman, Jericho D.	8,460.00	8,460.00	8,460.00
Hernandez, Angeline A.	6,675.53	6,675.53	6,675.53
Inciong, Cherry Wyne E.	7,500.00	7,500.00	7,500.00
Israel, Marietta C.	5,000.00	5,000.00	5,000.00
Javier, Anabella G.	8,162.50	8,162.50	8,162.50
Javier, Nancy Joan M.	5,295.67	5,295.67	5,295.67
Jesus, Angelita SD.	0.08	0.08	0.08
Jimenez, Arsenia S.	5,970.00	5,970.00	5,970.00
Junio, Nenitha L.	767.00	767.00	767.00
Kenny, Isabel	14,000.00	14,000.00	14,000.00
Lapastora, Milagros P.	2,071.80	2,071.80	2,071.80
Lapuebla, Alfredo N.	2,368.40	2,368.40	2,368.40
Larano, Leonora	5,848.75	5,848.75	5,848.75
Lauro, Jocelyn P.	10,856.00	10,856.00	10,856.00
Lazaro, Ma.Teresita A.	3,205.00	3,205.00	3,205.00
Leon, Emma Rose	400.00	400.00	400.00
Liggayu, Michael	200.00	200.00	200.00
Lim, Nathaniel L.	317.00	317.00	317.00
Lintag, Graciel A.	1,180.16	1,180.16	1,180.16
Lopez, Mercedita P.	252.50	252.50	252.50
Macalaguing, Mateo D. Jr.	10,000.00	10,000.00	10,000.00
Macaraeg, Paul	6,436.23	6,436.23	6,436.23
Magayaga, Lea Q.	(7,059.99)	(7,059.99)	(7,059.99)
Malay, Ernesto B.	20,910.00	20,910.00	20,910.00
Maliwat, Herminia I.	244,794.00	244,794.00	244,794.00
Manigan, Alma C.	7.61	7.61	7.61
Manlapaz, Divine Grace	5,000.00	5,000.00	5,000.00
Manrique, Elenita	17,000.00	17,000.00	17,000.00

Mazo, Flaviano S.	780.00	780.00	780.00
Medina, Merle S.	(660.50)	(660.50)	(660.50)
Mendoza, Jobert	10,000.00	10,000.00	10,000.00
Mercado, Annabelle K.	3,758.55	3,758.55	3,758.55
Miguel, Emmanuel C.	6,619.60	6,619.60	6,619.60
Minas, Geraldine C.	1,050.00	1,050.00	1,050.00
Monong, Cora	6,000.00	6,000.00	6,000.00
Nagal, Glenn Z.	(329.64)	(329.64)	(329.64)
Narciso, Wilfredo B.	5,295.67	5,295.67	5,295.67
Narval, Antonio G.	520.80	520.80	520.80
Natera, Malvin G.	4,121.97	4,121.97	4,121.97
Nietes, Raymond G.	16,689.30	16,689.30	16,689.30
Ninobla, Magnolia	170.00	170.00	170.00
Noriega, Mariwilda I.	(7,306.55)	(7,306.55)	(7,306.55)
Nuestro, Sarah Joyce	10,882.23	10,882.23	10,882.23
Nulla, Mila R.	21,433.75	21,433.75	21,433.75
Ocampo, Wilfredo T.	1,150.00	1,150.00	1,150.00
Olipas, Lorina L.	200.00	200.00	200.00
Ortiz, Jose	(2.00)	(2.00)	(2.00)
Padilla, Maria Eleanor T.	1,430.50	1,430.50	1,430.50
Pahutan, Ludivinia M.	(200.00)	(200.00)	(200.00)
Palparan, Karoline L.	(900.00)	(900.00)	(900.00)
Paraiso, Lourdes Oliva C.	84,847.50	84,847.50	84,847.50
Paras, Renato	50,000.00	50,000.00	50,000.00
Pascua, Jennifer J.	40,977.91	40,977.91	40,977.91
Paz, Rosalinda Z.	8,805.00	8,805.00	8,805.00
Permalino, Albert Emmanuel	7,060.89	7,060.89	7,060.89
Pineda, Rodolfo G.	(149.99)	(149.99)	(149.99)
Ponsaran, Levy C.	2,450.00	2,450.00	2,450.00
Publico, Hilario Q.	5,376.50	5,376.50	5,376.50
Querijero, Glen Hilario M.	5,000.00	5,000.00	5,000.00
Quintanar, Janeth A.	5,366.56	5,366.56	5,366.56
Quinto, Myrna P.	7,060.00	7,060.00	7,060.00
Ramones, Rhozallino C.	5,000.00	5,000.00	5,000.00
Ramos, Erlinda L.	10,000.00	10,000.00	10,000.00
Ramos, Leonora A.	1,532.89	1,532.89	1,532.89
Ramos, Ma. Theresa L.	853.81	853.81	853.81

Rapirap. Raquel T.	8,288.00	8,288.00	8,288.00
Remiendo, Noraliza A.	10.00	10.00	10.00
Reyes, Herbert D.	4,555.00	4,555.00	4,555.00
Reyes, Melodia S.	6,834.00	6,834.00	6,834.00
Rosete, Dwight Benedict N.	(500.00)	(500.00)	(500.00)
Roxas, Ronald L.	8,000.00	8,000.00	8,000.00
Rubillos, Leonardo I.	(600.00)	(600.00)	(600.00)
Sabaupan, Sylvette G.	23,364.75	23,364.75	23,364.75
Sagarino, Gavino N.	(5,295.67)	(5,295.67)	(5,295.67)
Salcedo, Liezel Donatila	16,222.73	16,222.73	16,222.73
Salunga, Loida P.	14,960.54	14,960.54	14,960.54
Salvado, Rowena E.	22,160.26	22,160.26	22,160.26
Salvador, Esther D.	18.00	18.00	18.00
San Pablo, Ma.Cecilia A.	90.00	90.00	90.00
Santos, Danilo B.	2,645.25	2,645.25	2,645.25
Santuile, Aida M.	8,000.00	8,000.00	8,000.00
Sapitula, Preciosa S.	1,586.57	1,586.57	1,586.57
Sido, Ma. Victoria P.	125.80	125.80	125.80
Sin, Glenda S.	7,060.00	7,060.00	7,060.00
Sinang, Rolando R.	7,263.50	7,263.50	7,263.50
Siongco, Ma. Teresita	2,000.00	2,000.00	2,000.00
Sioson, Yolanda J.	57,480.00	57,480.00	57,480.00
Soliman, Norma P.	7,060.00	7,060.00	7,060.00
Sopoco, Anna Marie M.	1,890.00	1,890.00	1,890.00
Soria, Eulegio E.	1,000.00	1,000.00	1,000.00
Tapalgo, Elyn M. Jr.	(2,657.50)	(2,657.50)	(2,657.50)
Tirazona, Renato A.	1,992.92	1,992.92	1,992.92
Togado, Illumar I.	4,000.00	4,000.00	4,000.00
Tomas, Eden A.	943.00	943.00	943.00
Trinidad, Josefina	1,860.82	1,860.82	1,860.82
Tuazon, Nino M.	356.25	356.25	356.25
Usita, Laarni P.	23,069.00	23,069.00	23,069.00
Uy, Moira B.	4,000.00	4,000.00	4,000.00
Uyson, Leslie Marie C.	9,258.08	9,258.08	9,258.08
Valencia, Jean Pauline S.	(5,198.00)	(5,198.00)	(5,198.00)
Valencia, Ma. Theresa L.	530.00	530.00	530.00
Varilla, Edglyn G.	5,140.61	5,140.61	5,140.61

Vera, Antonio	0.03				0.03		0.03
Vera, Jose Rizalito c.	(5,400.00)				(5,400.00)		(5,400.00)
Victoria, Michael S.	(640.00)				(640.00)		(640.00)
Villanueva, Ma. Concepcion	5,000.00				5,000.00		5,000.00
Villar, Gerald	7,060.00				7,060.00		7,060.00
Vinluan, Renato A.	2,028.62				2,028.62		2,028.62
Yang, Gloria	45,000.00				45,000.00		45,000.00
Yap, Caridad P.	(4,841.00)				(4,841.00)		(4,841.00)
Yatco, Ma. Carmen S.	29,320.00				29,320.00		29,320.00
Zaldivar, Ramil P.	5,000.00				5,000.00		5,000.00
	P 1,497,315.06		-		1,497,315.06	-	1,497,315.06
Ampatin, Estrella V.	(560.00)				(560.00)		(560.00)
Cabasada, Albert R. III	26,099.35				26,099.35		26,099.35
Caratao, Jinky Rosario	6,800.00				6,800.00		6,800.00
Cruz, Reynaldo J.	(5,000.00)				(5,000.00)		(5,000.00)
Diwa, Alvin S.	31,783.91				31,783.91		31,783.91
Frades, Francisca B.	(451.32)				(451.32)		(451.32)
Garin, May C.	46,130.23				46,130.23		46,130.23
Molina, Mark Oliver P.	(5,232.06)				(5,232.06)		(5,232.06)
Pizaro, Arthur	1,200.00				1,200.00		1,200.00
Sarabia, Juliet S.	4,755.00				4,755.00		4,755.00
Tolentino, Rosula R.	8,646.70				8,646.70		8,646.70
Villanueva, Romulo	5,212.00				5,212.00		5,212.00
Villar, Gerald	20,354.47				20,354.47		20,354.47
Yang, Gloria G.	11,760.00				11,760.00		11,760.00
TOTAL - 1131010	**P 1,648,813.34**	**-**	**-**		**P 1,648,813.34**	**-**	**1,648,813.34**

JANUARY 2008 - MARCH 2012

Abdon, Miel O.	P		2,346.00		P	2,346.00	2,346.00	
Abelardo, Luzviminda E.			4,402.50			4,402.50	4,402.50	
Abella, Ma. Corazon S.			23,372.75			23,372.75	23,372.75	
Acab, Deborah			464.25			464.25	464.25	
Acomular, Melquiades A.			7,272.25			7,272.25	7,272.25	
Acomular, Michelle			4,000.00			4,000.00	4,000.00	
Ador, Lauro			2,646.00	2,116.80		529.20	529.20	
Agnes, Reynold D.		60,000.00		60,252.00		(252.00)	(252.00)	-
Aguila, Fitzgerald		9,104.91				9,104.91		9,104.91
Aguilar, Manuel P.			5,897.87			5,897.87	5,897.87	
Agustin, Ma. Theresa A.			12,347.15	10,250.00		2,097.15	2,097.15	-
Ahmadzadeh, Teresita P.			44,951.25	23,700.00		21,251.25	21,251.25	
Alabarca, Wilma J.		11,930.00	12,530.00	13,102.12		11,357.88	11,357.88	-
Alba, Anna Michelle			150.00			150.00	150.00	
Albano, Allan Rey L.		(372.50)	20,000.00	20,000.00		(372.50)		(372.50)
Alcoberes, Philip Jay N.		2,373.06	42,383.35	38,373.06		6,383.35	6,383.35	
Alejandro, Ma. Michelle		2,228.89				2,228.89		2,228.89
Alforte, Judy Katherine O.		20,833.31	11,742.00	26,033.31		6,542.00	6,542.00	
Alforte, Juvy Irene O.		21,933.56	10,896.90	26,933.56		5,896.90	5,896.90	
Alibania, Hazel			1,000.00			1,000.00	1,000.00	
Alimuin, Sylvia A.			13,047.50			13,047.50	13,047.50	
Alota, Jacqueline G.			5,600.55			5,600.55	5,600.55	
Alvarado, Jesse Joey S.			1,950.00	2,050.00		(100.00)	(100.00)	
Alvarez, Alfredo R.		9,999.98	29,985.50	22,000.01		17,985.47	17,985.47	
Amoncio, Lilia C.			1,399.70			1,399.70	1,399.70	
Anagbogu, Ignatius		27,990.00	500.00	26,157.50		2,332.50	2,332.50	
Angel, Heherson M.			8,267.60			8,267.60	8,267.60	
Anido, Cecilia I.		773,857.62	975.00	817,038.58		(42,205.96)	(42,205.96)	
Arabejo, Maricel			3,997.50			3,997.50	3,997.50	
Arabia, Julieta S.		30,662.37	102,250.00	95,442.37		37,470.00	37,470.00	
Aragones, Mary Ann F.			421.52			421.52	421.52	
Aranzanso, Lourdes			1,495.65			1,495.65	1,495.65	
Artezuela, Marilou C.			1,781.45			1,781.45	1,781.45	
Atanacio, Fe A.			44,728.71	35,433.56		9,295.15	9,295.15	
Atanacio, Heidi C.			1,505.35			1,505.35	1,505.35	

Austria, Rolando	(42,000.00)			(42,000.00)		(42,000.00)
Avila, Virgilio C.			575.00	(575.00)	(575.00)	
Ayque, Wilbert		8,756.60		8,756.60	8,756.60	
Ayson, Rosalino P.	6,755.00	320.00	3,605.00	3,470.00	3,470.00	
Baccay, Yolanda A.		2,587.15		2,587.15	2,587.15	
Badilla, Nelson S.	69.04			69.04		69.04
Baello, Christine N.	14,615.99	4,666.00	14,204.61	5,077.38	5,077.38	
Baguisi, Ma. Theresa M.	(1,816.70)			(1,816.70)		(1,816.70)
Baja, Lauro	996.25			996.25		996.25
Balarosan, Edna G.		3,494.25		3,494.25	3,494.25	
Balita, Paulita C.	(6,713.23)		8,200.00	(14,913.23)	(8,200.00)	(6,713.23)
Balmes, Erickson			200.00	(200.00)	(200.00)	
Bantayan, Maria Emilia R.	5,710.08			5,710.08		5,710.08
Barro, Liana M.		1,085.90		1,085.90	1,085.90	
Bataan, Luzviminda G.	(7,621.28)	600.00	1,864.34	(8,885.62)	(1,264.34)	(7,621.28)
Batin, Judith J.	61,005.00	49,744.85	101,339.60	9,410.25	9,410.25	
Bautista, Ofelia		1,680.22		1,680.22	1,680.22	
Belardo, Amy G.		2,273.75		2,273.75	2,273.75	
Belleza, Asuncion L.	62,827.82	121,180.00	142,274.35	41,733.47	41,733.47	
Beltran, Edna M.	4,500.00	55,000.00	27,000.00	32,500.00	32,500.00	
Belza, Mercedes A.	11,275.20	6,950.00	18,109.00	116.20	116.20	
Bengo, Manuelito V.	(0.02)	49,801.00	48,267.70	1,533.28	1,533.28	
Bermachea, Ann Daryl		1,587.60	1,058.40	529.20	529.20	
Bernardo, Norma V.		5,165.11		5,165.11	5,165.11	
Bernardo, Rodrigo G.	28,411.00			28,411.00		28,411.00
Bilan, Jeanette L.	1,326.18			1,326.18		1,326.18
Bilog, Alfredo	5.00			5.00		5.00
Binas, Doris		1,000.00		1,000.00	1,000.00	
Binas, Marie Jean			1,000.00	(1,000.00)	(1,000.00)	
Bitagcul, Virgilio D.		1,389.90		1,389.90	1,389.90	
Blanco, Lyra E.		1,170.20		1,170.20	1,170.20	
Blas, Maria Theresa B.		4,389.25		4,389.25	4,389.25	
Bolo, Benjamin A.	15,000.00	86,722.00	99,426.47	2,295.53	2,295.53	
Botasclac, Benjamin		30,000.00	24,000.00	6,000.00	6,000.00	
Briones, Domingo J.		17,741.00		17,741.00	17,741.00	
Briones, Ritchelle		14,237.10		14,237.10	14,237.10	
Brito, Razel	225.00			225.00		225.00

Buen, Jennifer		1,000.00		1,000.00	1,000.00	
Bueno, Marivie	370.75			370.75		370.75
Buenvenida, Santos		36,700.00	33,100.00	3,600.00	3,600.00	
Bugaring, Vladimir		1,000.00		1,000.00	1,000.00	
Bugayong, Eleonor		903.25		903.25	903.25	
Bulan, Mila			2,083.30	(2,083.30)	(2,083.30)	
Bunuan, Editha S.		751.50		751.50	751.50	
Buot, Joseph	600.00			600.00		600.00
Buquid, Apolonio A.	12,000.00		513.36	11,486.64		11,486.64
Burac, Joseph T.	16,264.00	13,318.20	22,923.10	6,659.10	6,659.10	
Bustamante, Maria Christine H.	4,325.00	55,740.00	44,965.40	15,099.60	15,099.60	
Caagbay, Elpidio Z.	12,039.69	67,430.00	53,730.99	25,738.70	25,738.70	
Cabaltica, Leilani A.	18,930.00	105,320.00	116,010.82	8,239.18	8,239.18	
Cabalu, Cromwell R.	(500.00)			(500.00)		(500.00)
Cabasada, Albert R.	(13,800.00)	1,820.00		(11,980.00)		(11,980.00)
Cabebe, Lolita		902.80		902.80	902.80	
Cabinta, Ma. Dolores B.	15,000.00	25,000.00	30,000.00	10,000.00	10,000.00	
Cabral, Raymond Nonnatus	81.68			81.68		81.68
Cabrera, Alicia		20,888.00	18,591.80	2,296.20	2,296.20	
Cabrera, Jay P.		1,000.00		1,000.00	1,000.00	
Cabrera, Roberlyn V.		21,861.45	9,000.00	12,861.45	12,861.45	
Cada, Leonardo F.		4,485.50		4,485.50	4,485.50	
Cada, Rosalie C.		81,665.09	79,969.74	1,695.35	1,695.35	
Cajucom, Cherry S.	(400.00)	47,826.40	37,387.70	10,038.70	10,438.70	(400.00)
Cajuday, Noel		2,756.85		2,756.85	2,756.85	
Camaclang, Merlita J.	7,580.28		4,512.11	3,068.17	3,068.17	
Camana, Love V.	4,000.00	61,647.00	33,400.00	32,247.00	32,247.00	
Cambe, Dhonna		27,700.00	27,708.00	(8.00)	(8.00)	
Cando, Cromwell N.	30,326.77	42,514.78	48,207.01	24,634.54	24,634.54	
Canoza, Geraldine E.		370.45		370.45	370.45	
Cao, Marilou F	13,075.81	320.00	13,214.31	181.50	181.50	
Capacio, Glenn	(5,000.00)			(5,000.00)		(5,000.00)
Capili, Regina R.	(1,227.43)		287.57	(1,515.00)	(287.57)	(1,227.43)
Caranguian, Reynaldo			32.00	(32.00)	(32.00)	
Cardano, Patricio		21,785.15	1,491.30	20,293.85	20,293.85	
Carino, Raquel G.	(975.00)	712.50	1,287.25	(1,549.75)	(1,287.25)	(262.50)
Carpio, Miguel M.		1,034,370.36	106,432.20	927,938.16	927,938.16	

Carpio, Rustica	1,413.00			1,413.00		1,413.00
Casado, Eric		2,769.40		2,769.40	2,769.40	
Casaclang, Editha		5,170.35		5,170.35	5,170.35	
Castillo, Carolina	42,866.34	104,000.00	95,453.84	51,412.50	51,412.50	
Castillo, Perlita C.		15,373.75		15,373.75	15,373.75	
Casuco, Leonida S.	(14,614.40)	14,662.40	14,662.40	(14,614.40)		(14,614.40)
Catamora, Catherine		1,511.50		1,511.50	1,511.50	
Cayetano, Lovella M.	9,392.59	51,889.00	42,220.00	19,061.59	19,061.59	
Cebu, Teodora Arlene		26,000.00		26,000.00	26,000.00	
Chanco, Christine R.		38,668.77	37,693.77	975.00	975.00	
Chastein, Cherry R.	10,000.00			10,000.00		10,000.00
Chiu, Antonio E.		1,000.00		1,000.00	1,000.00	
Chua, George S.	(2,083.30)			(2,083.30)		(2,083.30)
Chua, Wilson S.		7,109.25		7,109.25	7,109.25	
Ciubal, Willie Y.	(600.00)			(600.00)		(600.00)
Concha, Jhonalyn		50,000.00	45,000.00	5,000.00	5,000.00	
Conti, Elnora	(1,500.00)			(1,500.00)		(1,500.00)
Cordero, Ronald G.		7,356.25		7,356.25	7,356.25	
Cordoba, Enrico L.	(2,920.90)	2,991.80	1,495.90	(1,425.00)	(1,425.00)	
Corpuz, Delia R.		37,287.25	32,000.00	5,287.25	5,287.25	
Cortez, Myrna P.		3,126.50		3,126.50	3,126.50	
Cotorno, Lorine B.		27,000.00	20,400.00	6,600.00	6,600.00	
Cruz, Benjamin F.	25,000.00	35,000.00	57,500.00	2,500.00	2,500.00	
Cruz, Christybel O.		7,226.50		7,226.50	7,226.50	
Cruz, Jayson F.		758.30	629.20	129.10	129.10	
Cruz, Luzviminda S.		917.50		917.50	917.50	
Cruz, Maria Ruth M.	1,499.99	10,011.66	10,011.56	1,500.09	1,500.09	
Cruz, Marites J.		9,000.00	8,100.00	900.00	900.00	
Cruz, Precita S.		1,000.00		1,000.00	1,000.00	
Cruz, Rebecca S.	16,194.61			16,194.61		16,194.61
Cuason, Willy Lim	(2,920.90)	2,991.80	1,495.90	(1,425.00)	(1,425.00)	
Cuevas, Romeo C.		5,828.75		5,828.75	5,828.75	
Culala, Harold John D.	66.00	63,980.75	48,366.40	15,680.35	15,680.35	
Dacayanan, Marites G.	2,140.96	33,452.90	35,830.90	(237.04)	(237.04)	
Dadulla, Jose Y.		1,000.00		1,000.00	1,000.00	
Dalton, Juanita	617.50			617.50		617.50
Damasco, Charmaine Gay	(617.50)			(617.50)		(617.50)

Dancel, Ma. Sheila T.		3,000.00		3,000.00	3,000.00	
Danofrata, Julie		1,100.00		1,100.00	1,100.00	
Davalos, Zenaida R.	250.00			250.00		250.00
Deciembre, Concepcion	(100.00)			(100.00)		(100.00)
Destura, Blanca		20,162.06		20,162.06	20,162.06	
Diamante, Fernan M.		600.00	400.00	200.00	200.00	
Diestro, Jose Maria A.		2,295.00		2,295.00	2,295.00	
Dijamco, Grace Loyola		2,751.00		2,751.00	2,751.00	
Dimaano, Alfredo		7,767.08		7,767.08	7,767.08	
Dimalibot, Ma. Martina Geraldin	200.00			200.00		200.00
Dimzon, Bernadette K.	543.45	2,500.00	2,043.45	1,000.00	1,000.00	
Dingding, Quintin		5,687.80		5,687.80	5,687.80	
Diwa, Anna Shellah		46,559.75	38,687.60	7,872.15	7,872.15	
Dizon, Kenneth Earl I.	200.00			200.00		200.00
Doble, Jon Derek	130,800.00			130,800.00		130,800.00
Doctolero, Priscilla		6,453.85		6,453.85	6,453.85	
Dolba, Sammy Q.	(6,350.00)	20,787.50	20,787.50	(6,350.00)		(6,350.00)
Domingo, Leovildo V.		581.00		581.00	581.00	
Dones, irene P.	(100.00)	0.01		(99.99)	0.01	(100.00)
Ducut, Mirela G.	12,055.65	19,109.50	19,021.65	12,143.50	12,143.50	
Duena, Teodoro C.		4,672.50		4,672.50	4,672.50	
Dulay, Sofronio C.		2,329.50		2,329.50	2,329.50	
Dy, Pablito		3,148.75		3,148.75	3,148.75	
Echauz, Lydia B.		50,320.00	50,000.00	320.00	320.00	
Edillon, Marcial		320.00		320.00	320.00	
Eleazar, Glenda C.	39,930.06	41,930.00	70,502.12	11,357.94	11,357.94	
Elman, Mario M.	7,758.80	7,899.75	14,708.80	949.75	949.75	
Erum, Filju		28,800.00	23,800.00	5,000.00	5,000.00	
Escobia, Irma L.	2,408.25	17,568.20	8,658.25	11,318.20	11,318.20	
Escosia, Aurora A.	13,800.00	35,989.87	44,114.00	5,675.87	5,675.87	
Esguerra, Marissa	(360.00)	200.00		(160.00)		(160.00)
Espinosa, William V.		3,325.23		3,325.23	3,325.23	
Espiritu, Benjamin		160.00		160.00	160.00	
Espiritu, Cesar O.		2,472.95		2,472.95	2,472.95	
Espiritu, Elizabeth O.	1,503.40	39,011.06	29,794.35	10,720.11	10,720.11	
Estrella, Luisito P.	800.00	50,530.00	33,933.00	17,397.00	17,397.00	
Evangelista, Erika	17,375.00			17,375.00		17,375.00

Evangelista, Rey M.	14,027.19	34,780.10	34,780.00	14,027.29	14,027.29	
Fajardo, Ernesto P.		24,302.00	23,302.00	1,000.00	1,000.00	
Farolan, Mikhail E.	1,275.00			1,275.00		1,275.00
Faundo, Aurora L.	3,970.90			3,970.90		3,970.90
Fernando, Gerry V.		45,060.00	39,654.00	5,406.00	5,406.00	
Fernando, Rogelio E.		116,500.00	157,000.00	(40,500.00)	(40,500.00)	
Fiesta, Erlinda P.	41,164.29		39,664.79	1,499.50		1,499.50
Flora, Dolores	2,385.66			2,385.66		2,385.66
Florendo, Josefina A.		2,794.40		2,794.40	2,794.40	
Flores, Edwin L.	13,200.00	36,132.10	47,132.10	2,200.00	2,200.00	
Flores, Miguela Trinidad		6,069.85		6,069.85	6,069.85	
Flores, Roberto		38,000.00	40,982.70	(2,982.70)	(2,982.70)	
Flores, Teresita T.		8,438.64		8,438.64	8,438.64	
Fontanilla, Anecito	(2,258.30)	2,709.96	3,108.30	(2,656.64)	(398.34)	(2,258.30)
Fontanos, Milagros D.		17,432.30	12,861.20	4,571.10	4,571.10	
Fortaleza, Ramon M.		1,468.50		1,468.50	1,468.50	
Frades, Francisca B.	52.00	22,670.00	23,026.00	(304.00)	(304.00)	
Fulgar, Ildefonso		2,800.00		2,800.00	2,800.00	
Gabon, Danilo B.	3,570.30	27,306.00	30,815.10	61.20	61.20	
Galo, Crispin L.		15,530.00	3,600.00	11,930.00	11,930.00	
Garcia, George DC.		37,936.05	25,661.05	12,275.00	12,275.00	
Garcia, Merrie Carolyne		8,109.90		8,109.90	8,109.90	
Garcia. Miriam		16,155.53	5,000.00	11,155.53	11,155.53	
Garcia, Mylene M.	16,367.50	5,693.00	19,214.00	2,846.50	2,846.50	
Garcia, Myllah D.		2,961.00		2,961.00	2,961.00	
Garcia, Severino M.		320.00		320.00	320.00	
Garin, May C.		1,602.50		1,602.50	1,602.50	
Gaspillo, Rudy M.	20.00	21,341.70		21,361.70	21,341.70	20.00
Gavieta, Rommel			2,083.30	(2,083.30)	(2,083.30)	
Gella, Frederick S.	(2,000.10)	862.50	862.50	(2,000.10)		(2,000.10)
Gemzon, Elena F.		322.25		322.25	322.25	
Gener, Jocelyn C.		171.55		171.55	171.55	
Geraldez, Guadalupe		2,000.10	1,333.40	666.70	666.70	
Gerardo, Elsa F.		5,726.07		5,726.07	5,726.07	
Gilera, Enrico G.		28,575.00		28,575.00	28,575.00	
Giron, Anselmo C.		1,000.00		1,000.00	1,000.00	
Gobencion, Trinidad C.	9,666.65	15,365.05	11,666.65	13,365.05	13,365.05	

Gordo, Flordeliza N.	13,979.35	37,319.00	51,297.35	1.00	1.00	
Gregorio, Anna Marie		4,054.25		4,054.25	4,054.25	
Guarino, Rebecca A.			3,750.00	(3,750.00)	(3,750.00)	
Gubio, James B.	18,472.65	26,753.88	34,224.10	11,002.43	11,002.43	
Guevarra, Dorvin H.	9,217.35	39,218.85	42,937.85	5,498.35	5,498.35	
Guillermo, Nemesio	5,511.50			5,511.50		5,511.50
Gusi, Rechilda		4,560.50		4,560.50	4,560.50	
Gutierrez, Carlo			200.00	(200.00)	(200.00)	
Gutierrez, Lucita A.		204.00		204.00	204.00	
Gutierrez, Maria Myrel	3,843.75			3,843.75		3,843.75
Guzman, Guillerma M.	14,577.25	46,930.00	42,799.07	18,708.18	18,708.18	
Guzman, Ma. Corazon A.	(1,000.00)	5,749.25	5,000.00	(250.75)	(250.75)	
Hacinas, Elizabeth F.		1,650.00		1,650.00	1,650.00	
Hatt, Cielito Sanvictores	8.50			8.50		8.50
Hernandez, Alma R.		32,042.90		32,042.90	32,042.90	
Hernandez, Jan Joseph S.	(21.91)			(21.91)		(21.91)
Hiso, Christopher John	(16.70)			(16.70)		(16.70)
Hocson, Sheila Marie		2,255.21		2,255.21	2,255.21	
Ignacio, Lourdes D.	47,866.00	10,000.00	57,998.00	(132.00)	(132.00)	
Igno, Francis			650.00	(650.00)	(650.00)	
Iguas, Jose A.	20,650.44	42,853.20	33,432.84	30,070.80	30,070.80	
Ijan, Melba B.		4,008.20	3,312.40	695.80	695.80	
Inciong, Cherry Wyne	4,420.00	11,150.00	6,737.60	8,832.40	8,832.40	
Isidro, Teresita L.	12,449.06	60,000.00	84,500.06	(12,051.00)	(12,051.00)	
Ison, Mary Rose C.	7,500.00	36,750.00	41,250.00	3,000.00	3,000.00	
Israel, Marietta		12,801.75		12,801.75	12,801.75	
Janagap, Fe Q.	5,131.44			5,131.44		5,131.44
Jarlos, Anna Liza	11,930.00	63,800.00	64,372.12	11,357.88	11,357.88	
Jerusalem, Violeta L.	(9,021.98)		695.00	(9,716.98)	(695.00)	(9,021.98)
Jesus, Angelita SD.	22,775.15	69,532.35	65,066.75	27,240.75	27,240.75	
Jesus, Paul Anthony		61,323.78	56,263.68	5,060.10	5,060.10	
Joromat, Richmond	2,250.00			2,250.00		2,250.00
Jose, Angelina P.	537,311.41	563,196.10	1,066,497.49	34,010.02	34,010.02	
Julia, Brynn Jonson	(1,937.40)	712.50		(1,224.90)		(1,224.90)
Julio, Beata R.		3,659.37	800.00	2,859.37	2,859.37	
Junio, Nenitha L.	(768.75)			(768.75)		(768.75)
Kenny Isabel	50,000.00			50,000.00		50,000.00

Kuan, Robert		1,022,707.89	911,073.48	111,634.41	111,634.41	
Labartine, Elvira			2,500.00	(2,500.00)	(2,500.00)	
Lacanilao, Gary	375.00			375.00		375.00
Lacorte, Rachel D.			150.00	(150.00)	(150.00)	
Lacsamana, Recuerdo G.	2,522.10	5,000.00	8,612.10	(1,090.00)	(1,090.00)	
Ladera, Renville M.		10,221.10		10,221.10	10,221.10	
Lagman, Benjamin M.		4,698.18		4,698.18	4,698.18	
Lajara, Galilea R.	3,600.00			3,600.00		3,600.00
Lamorena, Juditha M.	8,719.50	111,500.25	99,044.20	21,175.55	21,175.55	
Lansang, Brenda	10,199.98	36,743.20	42,601.98	4,341.20	4,341.20	
Lapastora, Milagros	50,942.00	107,729.89	95,958.17	62,713.72	62,713.72	
Larano, Leonora C.		2,535.00		2,535.00	2,535.00	
Larda, Edmundo D.		35,390.53	36,890.53	(1,500.00)	(1,500.00)	
Lauro, Jocelyn P.		1,754.85		1,754.85	1,754.85	
Laxamana, Mary Ann		200.00		200.00	200.00	
Laxamana, Rachel D.		34,849.75	35,049.75	(200.00)	(200.00)	
Lazaro, Maria Teresita A.	12,319.24	37,261.12	49,907.86	(327.50)	(327.50)	
Leon, Allan R.		994.00	497.00	497.00	497.00	
Leon, Angelito Y.	17,910.00	115,000.00	71,990.82	60,919.18	60,919.18	
Leon, Emma Rose H.	9,250.00	7,000.00	10,709.53	5,540.47	5,540.47	
Leon, Jocelyn E.	12,698.75	320.00	11,010.82	2,007.93	320.00	1,687.93
Leonardo, Marietta	(1,770.00)			(1,770.00)		(1,770.00)
Leonardo, Raul		8,915.54	4,457.77	4,457.77	4,457.77	
Leonardo, Violeta M.		50,000.00	35,000.00	15,000.00	15,000.00	
Lepon, Ma. Luisa M.	(3,000.00)			(3,000.00)		(3,000.00)
Letrero, Bernard	1,650.00			1,650.00		1,650.00
Liggayu, Michael		1,320.01		1,320.01	1,320.01	
Limon, Suseline B.		2,043.15		2,043.15	2,043.15	
Lingat, Yolanda S.	4,411.85	38,896.75	35,797.15	7,511.45	7,511.45	
Lintag, Gino	4,000.00		2,500.00	1,500.00		1,500.00
Lintag, Glennford		727.85		727.85	727.85	
Lluz, Samarlita N.		5,192.25		5,192.25	5,192.25	
Lofranco, Jason		975.00		975.00	975.00	
Loong, Abrumel		5,902.50	5,494.20	408.30	408.30	
Lopez, Antonio C.	45,789.85	7,896.95	25,789.85	27,896.95	2,896.95	25,000.00
Lopez, Cristina M.		2,726.35		2,726.35	2,726.35	
Lopez, Martin Z.		320.00		320.00	320.00	

Lopez, Mercedita P.	44,720.85	42,499.10	45,000.00	42,219.95	42,219.95	
Lopez, Ricardo S.	38,222.87	37,559.70	67,776.13	8,006.44	8,006.44	
Loresco, Richard		1,938.25		1,938.25	1,938.25	
Lumacad, Fernando B.	(32,488.67)			(32,488.67)		(32,488.67)
Lumanga, Suzzette V.	18,591.70	608.30	3,368.58	15,831.42		15,831.42
Luna, Gina		5,980.00		5,980.00	5,980.00	
Luyun, Teofilo P. Jr.	14,255.00	10,820.00	20,396.20	4,678.80	4,678.80	
Luzada, Gian J.	(1,683.20)			(1,683.20)		(1,683.20)
Macachor, Celito C.	(3,366.60)	104,431.81	51,783.30	49,281.91	49,281.91	
Macalaguing, Mateo		3,345.05		3,345.05	3,345.05	
Macalintal, Connie SJ.	28,647.75	18,257.22	29,924.37	16,980.60	16,980.60	
Macapagal, Arnualdo B.	73,942.75	94,953.75	115,766.25	53,130.25	53,130.25	
Macaraig, Melinda	9,980.00	17,286.80	12,502.12	14,764.68	14,764.68	
Madeja, Samuel M.			1,052.85	(1,052.85)	(1,052.85)	
Madriaga, Joventina D.		8,524.90		8,524.90	8,524.90	
Magat, Wendell		1,683.50		1,683.50	1,683.50	
Magayaga, Lea Q.	400.00			400.00		400.00
Magbiro, Erdyn J.		5,032.50		5,032.50	5,032.50	
Magdasoc, Cecilia C.		564.85		564.85	564.85	
Malana, Jeremy		1,259.40		1,259.40	1,259.40	
Malcampo, Agnes C.		320.00		320.00	320.00	
Maliwat, Herminia I.	9,412.95	1,026,565.07	421,753.52	614,224.50	614,224.50	
Malonzo, Ella Margarita N.	2,103.93			2,103.93		2,103.93
Manalansan, Paolo		5,540.00		5,540.00	5,540.00	
Manguerra, Laarni C.	30,759.87	15,863.64	46,623.54	(0.03)	(0.03)	
Manuel, Cynthia		5,130.00		5,130.00	5,130.00	
Marcelino, Ariel Christopher	4,332.90	64,404.00	66,786.90	1,950.00	1,950.00	
Marcial, Johnny O.		3,929.50		3,929.50	3,929.50	
Mariano, Redentor		437.50	1,225.00	(787.50)	(787.50)	
Marinas, Luzviminda B.		5,849.00		5,849.00	5,849.00	
Mariscotes, Ma. Norlinda		5,961.10		5,961.10	5,961.10	
Martin, Grace	116.11			116.11		116.11
Matandag, Eldie C.		35,000.00	29,000.00	6,000.00	6,000.00	
Matandag, Marivel C.	432.00	45,000.00	33,864.00	11,568.00	11,568.00	
Mazo, Flaviano S.	12,768.84	18,599.80	20,586.87	10,781.77	10,781.77	
Medina, Buenaventura Jr.	1,050.00			1,050.00		1,050.00
Medina, Joy E.	15,409.52	37,800.00	43,209.52	10,000.00	10,000.00	

Medina, Merle		20,000.00	12,000.00	8,000.00	8,000.00	
Medina, Nelson		4,703.25		4,703.25	4,703.25	
Melano, Reyno A.	17,721.30	37,002.90	35,994.70	18,729.50	18,729.50	
Mendoza, Jose Randy R.	25,805.00	1,950.00	26,780.00	975.00	975.00	
Mendoza, Lovette Popples		8.00		8.00	8.00	
Mendoza, Malaya S.	(250.00)	15,226.00	15,000.00	(24.00)		(24.00)
Mendoza, Myla		10,000.00	9,000.00	1,000.00	1,000.00	
Menorca, Emmanuel		11,930.00	1,491.30	10,438.70	10,438.70	
Mesina, Karen T.	(4,000.00)			(4,000.00)		(4,000.00)
Mina, Enrique N.	93.50			93.50		93.50
Minas, Geraldine C.	(4,385.75)	38,227.00	25,424.35	8,416.90	8,416.90	
Mintu, Cynthia B.	9,999.98	26,975.60	20,000.00	16,975.58	16,975.58	
Mirabueno, Benedicto		7,106.25		7,106.25	7,106.25	
Molate, Maria Locelle		26,499.80	26,500.00	(0.20)	(0.20)	
Molina, Ma. Olivia G.	3,636.54	71,252.00	75,264.74	(376.20)	(376.20)	
Molina, Msrk Oliver		320.00		320.00	320.00	
Mondejar, Ramil A.	1,000.00	16,185.00	15,000.00	2,185.00	2,185.00	
Monderin, Victor C.	3,044.00	8,230.00	11,484.00	(210.00)	(210.00)	
Montano, Moses M.	941.67			941.67		941.67
Montesclaros, Edgardo	(2,083.30)			(2,083.30)		(2,083.30)
Monteza, Elena B.		1,000.00		1,000.00	1,000.00	
Montinola, Gianna R.		612,809.52	509,827.78	102,981.74	102,981.74	
Montinola, Juan Miguel R.	1,950.00	320.00		2,270.00	320.00	1,950.00
Montinola, Lourdes R.	162,645.04	519,471.02	681,796.06	320.00	320.00	
Morales, Lourdes		230.86		230.86	230.86	
Mostajo, Esmeralda D.	28,369.67	12,838.00	36,007.72	5,199.95	5,199.95	
Munson, Don N.		3,000.00		3,000.00	3,000.00	
Nagal, Glenn Z.	7,792.49	1,121,914.32	267,252.42	862,454.39	862,454.39	
Narval, Antonio G.	1,886.25	35,600.00	30,406.25	7,080.00	7,080.00	
Nebril, Jonathan A.	4,907.00			4,907.00		4,907.00
Neo, Helen A.	66,676.37	57,000.00	101,645.07	22,031.30	22,031.30	
Nicdao, Lazaro B.		19,696.80		19,696.80	19,696.80	
Nicer, Joselito C.		320.03		320.03	320.03	
Nisperos, Dulce Marie		6,280.30		6,280.30	6,280.30	
Noriega, Mariwilda	25,860.92	92,250.00	65,955.39	52,155.53	52,155.53	
Nuesa, Sherisa	83,164.59	702,806.67	734,484.78	51,486.48	51,486.48	
Nuestro, Sarah A.	150.00			150.00		150.00

Nulla, Mila R.	102,067.43	79,891.20	126,483.28	55,475.35	55,475.35	
Nuqui, Romeo B.		20,347.15		20,347.15	20,347.15	
Oaferina, Gemmalyn A.	(393.84)	5,000.00	7,306.25	(2,700.09)	(2,306.25)	(393.84)
Obmerga, Francisco		801.50		801.50	801.50	
Ocampo, Dhean R.		3,404.75		3,404.75	3,404.75	
Ochotorena, Fe		1,000.00		1,000.00	1,000.00	
Odon, Luke Mark		9,342.20		9,342.20	9,342.20	
Olivares, John Paul T.		50,400.00	40,400.00	10,000.00	10,000.00	
Orolfo, Teodora		41,054.60	35,800.00	5,254.60	5,254.60	
Orozco, Glorina P.		4,442.75		4,442.75	4,442.75	
Ortega, Manuel L.	(3,237.50)			(3,237.50)		(3,237.50)
Pacis, Cesar M.		320.00		320.00	320.00	
Pacot, Marilou		17,511.75		17,511.75	17,511.75	
Pacquing, Elizabeth P.		2,179.40		2,179.40	2,179.40	
Padua, Maybelle Marie		30,543.48	29,568.48	975.00	975.00	
Padual, Jennifer C.	25,000.00		7,500.00	17,500.00	17,500.00	
Pagaduan, Emmanuel		1,000.00		1,000.00	1,000.00	
Paguio, Carolina		11,583.00		11,583.00	11,583.00	
Paguirigan, Viviana		4,209.25		4,209.25	4,209.25	
Pahutan, Ludivinia M.	(1,000.00)	30,000.00	28,072.30	927.70	927.70	
Palencia, Marjueve M.	15,982.00	10,830.00	27,802.00	(990.00)	(990.00)	
Palparan, Karoline		42,719.32	40,953.41	1,765.91	1,765.91	
Panesa, Isabelita		689.75		689.75	689.75	
Panganiban, Carolina A.	6,600.00	24,000.00	22,260.04	8,339.96	8,339.96	
Panzo, Salome V.	725.00			725.00		725.00
Papa, Adriano	5,500.00			5,500.00		5,500.00
Paraiso, Lourdes Oliva C.		562.35		562.35	562.35	
Pascua, Jennifer J.	5,028.00	32,780.00	20,378.00	17,430.00	17,430.00	
Pascual, Danilo S.	9,175.00			9,175.00	9,175.00	
Pataunia, Ma. Cecilia C.	(1,583.50)			(1,583.50)		(1,583.50)
Paulino, Oscar E.		604.95		604.95	604.95	
Paz, Emily C.		2,730.65		2,730.65	2,730.65	
Paz, Maria Elena		39,000.00		39,000.00	39,000.00	
Paz, Rosalinda Z.	30,921.80	35,348.25	39,481.74	26,788.31	26,788.31	
Pearson, Lou Dominic	57,663.75			57,663.75	57,663.75	
Pedregosa, Jeremy Floyd	(372.50)			(372.50)		(372.50)
Pelaez, Felimon P.	12,704.50	20,156.00	30,844.90	2,015.60	2,015.60	

Pelias, Christopher A.		2,000.00		2,000.00	2,000.00	
Penepona, Jennifer	3,300.00		2,333.35	966.65		966.65
Pening, Teodoro	79,859.50	78,644.60	85,705.00	72,799.10	72,799.10	
Peren, Anelyn Y.		1,007.50		1,007.50	1,007.50	
Perez, Hector		56,467.00	51,969.00	4,498.00	4,498.00	
Pineda, Ariel D.		1,000.00		1,000.00	1,000.00	
Pineda, Robert G.	9,250.00	31,139.60	32,855.50	7,534.10	7,534.10	
Pineda, Rodolfo G.	(655.25)			(655.25)		(655.25)
Polido, Angelita		22,000.00	20,479.97	1,520.03	1,520.03	
Ponce, Elvin C.	6,531.08	19,500.00	26,001.08	30.00	30.00	
Ponsaran, Levy C.	7,926.56	34,762.00	39,575.36	3,113.20	3,113.20	
Posadas, Demetrio L.		5,801.80		5,801.80	5,801.80	
Prudencio, Philip		13,208.10		13,208.10	13,208.10	
Punsalan, Angelita		2,368.50		2,368.50	2,368.50	
Queddeng, Raymond Manalo	(1,816.70)	1,104.20	391.70	(1,104.20)		(1,104.20)
Quines, Dante P.		28,397.16	21,081.20	7,315.96	7,315.96	
Quinto, Myrna P.		69,107.13	52,233.10	16,874.03	16,874.03	
Radam, Jason		1,000.00		1,000.00	1,000.00	
Ragasa, Samuel M.		6,672.75		6,672.75	6,672.75	
Ramos, Bernadette		1,000.00		1,000.00	1,000.00	
Ramos, Erlinda L.	37,499.99	22,168.50	29,166.69	30,501.80	22,168.50	8,333.30
Ramos, Leonora A.	3,450.00		862.60	2,587.40	2,587.40	
Ramos, Rose Marie R.	2,695.65	30,052.41	23,755.13	8,992.93	8,992.93	
Ramos, Teodorica		82,184.00	42,184.00	40,000.00	40,000.00	
Rapirap, Raquel T.	52,303.38	83,858.14	112,788.72	23,372.80	23,372.80	
Razon, Benedict E.		27,755.00	26,780.00	975.00	975.00	
Relles, Sheila Marie		14,500.00	7,249.80	7,250.20	7,250.20	
Remiendo, Nora Liza A.	11,566.67	45.71	13,945.71	(2,333.33)		(2,333.33)
Remotin, Roberto M.	3,133.75	43,609.75	28,133.75	18,609.75	18,609.75	
Restor, Nerissa A.	26,130.30	32,063.00	57,805.20	388.10	388.10	
Retardo, Victor		15,812.75		15,812.75	15,812.75	
Retuerma, Vanessa	750.00			750.00		750.00
Reyes, Cecil		255.35		255.35	255.35	
Reyes, Ma. Veronica		6,750.00		6,750.00	6,750.00	
Reyes, Melodia S.	35,790.00	6,750.00	40,749.43	1,790.57	1,790.57	
Reyes, Mercedes C.	51,000.00	11,677.83	44,048.20	18,629.63	18,629.63	
Rimano, Joy S.		18,959.80		18,959.80	18,959.80	

Rito, Estrellita S.	(1,000.00)	41,458.00	41,458.00	(1,000.00)		(1,000.00)
Rosal, Josefina T.	17,381.00	40,351.75	50,721.85	7,010.90	7,010.90	
Rosario, Ma. Theresa O.	5,601.00	48,225.00	53,452.00	374.00	374.00	
Rubillos, Leonardo I.	(1,000.00)	6,188.00	3,094.00	2,094.00	2,094.00	
Rubio, Marisa N.		1,943.20		1,943.20	1,943.20	
Sabaupan, Sylvette G.	49,999.00	31,333.90	71,923.00	9,409.90	9,409.90	
Sabile, Ahnimay D.		15,087.80		15,087.80	15,087.80	
Saguinsin, James Owen		1,100.00		1,100.00	1,100.00	
Sagun, Jose Arnold		2,708.50	1,646.00	1,062.50	1,062.50	
Salon, Jovito F.	(283.30)	26,400.00	26,400.00	(283.30)		(283.30)
Salvador, Esther O.		21,845.25	19,660.50	2,184.75	2,184.75	
Salvador, Norina S.	540.50	10,496.00	9,036.40	2,000.10	2,000.10	
Samonte, Ema C.		1,000.00		1,000.00	1,000.00	
Samson, Leylani H.	30,000.00	80,562.80	67,697.00	42,865.80	42,865.80	
Sandoval, Khistina	25,000.00	7,000.00		32,000.00	7,000.00	25,000.00
Sangel, Marites		7,958.90		7,958.90	7,958.90	
Sansalian, Daisy		20,473.00		20,473.00	20,473.00	
Santos, Cristina		784.00		784.00	784.00	
Santos, Leonida		914.25		914.25	914.25	
Santos, Ronan S.		4,299.00	575.00	3,724.00	3,724.00	
Saplala, Mariano F.	38,235.09	36,909.54	65,385.05	9,759.58	9,759.58	
Saret, Angelyn R.	(1,375.00)	39,396.00	39,000.00	(979.00)	(979.00)	
Sayat, Ruby DG.		18,933.00	18,923.00	10.00	10.00	
Serra, Christine A.		6,800.00	700.00	6,100.00	6,100.00	
Simbol, Elvira C.		1,427.83		1,427.83	1,427.83	
Simo, Rickson Jay P.	200.00			200.00		200.00
Sin, Glenda S.		850.00		850.00	850.00	
Siongco, Josephine C.		6,645.35	400.00	6,245.35	6,245.35	
Sioson, Yolanda J.		500.00		500.00	500.00	
Sipin, Grace		5,274.20		5,274.20	5,274.20	
Sison, Erlinda G.		11,588.28	6,930.00	4,658.28	4,658.28	
Sison, Waltedrudes M.	1,862.40		901.84	960.56		960.56
Soliman, Norma P.	1,690.29		1,395.29	295.00		295.00
Solomon, Rommel		4,271.55		4,271.55	4,271.55	
Somera, Aurelio		35,200.00	35,400.00	(200.00)	(200.00)	
Sopoco, Anna Marie M.		8,939.00		8,939.00	8,939.00	
Soria, Eulegio E.	0.01	40,000.00	25,500.00	14,500.01	14,500.00	0.01

Sta.Cruz, Cinderella A.	(3,608.00)	45,664.04	30,112.40	11,943.64	11,943.64	
Sta. Maria, Amelia M.		9,206.10		9,206.10	9,206.10	
Sta.Maria, Hipolito M.	14,543.75	73,650.45	78,211.75	9,982.45	9,982.45	
Suba, Sally Chua	85,166.65		80,166.66	4,999.99		4,999.99
Sugay, Judith J.		3,254.25		3,254.25	3,254.25	
Sulam. Amparo	11,997.44		5,998.72	5,998.72		5,998.72
Sy, Dante V.	(2,066.60)	1,000.00	500.00	(1,566.60)	500.00	(2,066.60)
Tabuzo, Victor T.		161.42		161.42	161.42	
Tajonera, Joan Patrick	12,088.85			12,088.85		12,088.85
Talampas, Ma. Cristina J.		132,320.00	90,000.00	42,320.00	42,320.00	
Talatala, Jose Rowell		1,860.50		1,860.50	1,860.50	
Tan, Alvin O.		26,270.00	25,649.20	620.80	620.80	
Tan, Melanie B.		6,468.00		6,468.00	6,468.00	
Tangpus, Johnelyn G.		5,573.50		5,573.50	5,573.50	
Tapalgo, Elyn		2,885.10		2,885.10	2,885.10	
Tayag, Evelyn R.		1,913.50		1,913.50	1,913.50	
Temporosa, Bernard T.	31,750.00	79,953.00	112,788.20	(1,085.20)	(1,085.20)	
Tenorio, Mary Jane		30,600.00	30,400.00	200.00	200.00	
Tiotangco, Angelina N.		1,936.00		1,936.00	1,936.00	
Tirazona, Renato L.	9,962.33	25,350.00	27,300.25	8,012.08	8,012.08	
Tizon, Dolores J.	(830.00)	8,200.00	8,200.00	(830.00)		(830.00)
Tobias, Richard V.		22,000.00	17,600.00	4,400.00	4,400.00	
Togado, Illumar		22,500.00	25,000.00	(2,500.00)	(2,500.00)	
Tolentino, Alllan	(537.60)			(537.60)	(537.60)	
Tolentino, Rosula		794.90		794.90	794.90	
Tomas, Eden A.	22,040.00	12,150.00	33,190.00	1,000.00	1,000.00	
Tonquin, Roland			600.00	(600.00)	(600.00)	
Topenio, Jimmy P.	(4,050.00)			(4,050.00)		(4,050.00)
Torres, Maruja	414.00			414.00		414.00
Trajeco, Ma. Shirley		3,000.00		3,000.00	3,000.00	
Umpad, Mara	24,000.00			24,000.00		24,000.00
Urquico, Ma. Luisa		1,990.00		1,990.00	1,990.00	
Usita, Laarni P.	28,168.84	46,080.00	74,346.64	(97.80)	(97.80)	
Valderrama, Ruth D.	55,592.34	43,571.40	68,350.69	30,813.05	30,813.05	
Valencia, Jean Pauline S.	8,232.32	23,074.21	27,715.55	3,590.98	3,590.98	
Valencia, Joy G.	4,754.35	24,565.09	27,402.64	1,916.80	1,916.80	
Valenzuela, Rowena B.	926.50	5,120.00	5,926.50	120.00	120.00	

Velasquez, Damian D.	(4,100.00)	12,600.25	5,000.00		3,500.25	3,500.25	
Velasquez, Ma. Charisma B.	42,133.42	5,000.00	43,973.38		3,160.04	3,160.04	
Velasquez, Willyn V.	(1,000.00)	11,040.00	11,040.00		(1,000.00)		(1,000.00)
Vera, Alpher	(729.20)	200.00	200.00		(729.20)		(729.20)
Vera, Jose Rizalito C.		36,238.80	31,037.00		5,201.80	5,201.80	
Vera, Lorinda V.		65,000.00	55,000.00		10,000.00	10,000.00	
Vera, Michael R.	5,252.00	300.00	552.00		5,000.00		5,000.00
Vergara, Lordinio		3,762.40	3,824.90		(62.50)	(62.50)	
Viana, Lorelie DC.		320.00			320.00	320.00	
Vibas, Danilo T.		31,953.16	30,894.66		1,058.50	1,058.50	
Vicera, Reynante P.	(1,300.00)				(1,300.00)		(1,300.00)
Victoria, Wendelliza M.	1,069.50	20,272.00	12,042.50		9,299.00	9,299.00	
Villahermosa, Maximino		110,736.38	58,390.38		52,346.00	52,346.00	
Villanueva, Ma. Concepcion	4,520.55	31,103.30	10,017.85		25,606.00	25,606.00	
Villar, Gerald L.		4,196.00			4,196.00	4,196.00	
Villaroya, Robinson L.	(4,000.00)				(4,000.00)		(4,000.00)
Villegas, Mary Claire		18,000.00	16,593.46		1,406.54	1,406.54	
Villorente, Elizabeth		1,000.00			1,000.00	1,000.00	
Vinluan, Lourdes R.	11,113.60	50,920.00	49,213.60		12,820.00	12,820.00	
Vinluan, Renato A.	4,875.00				4,875.00		4,875.00
Wee, Mariano B.		7,028.60			7,028.60	7,028.60	
Yago, Rowena B.		693.44			693.44	693.44	
Yang, Gloria G,.		5,569.50			5,569.50	5,569.50	
Yap, Avelina M.		11,252.85			11,252.85	11,252.85	
Yatco, Maria Carmen		1,702.35			1,702.35	1,702.35	
Yturriaga, Ryan S.		16,766.70	16,754.32		12.38	12.38	
Yu, Antonio O.	100.00				100.00		100.00
Zabala, Leslie Ann	(2,607.50)	39,787.50	39,000.00		(1,820.00)		(1,820.00)
Zafra, Reynele Bren		1,729.00	1,383.20		345.80	345.80	
Zaldivar, Felicia P.	43,830.00				43,830.00		43,830.00
Zamudio, Rowena B.	505.24	1,392.94	2,198.19		(300.01)	(300.01)	
Zape, Vida Edna C.	(3,941.19)				(3,941.19)		(3,941.19)
	P 4,455,784.64	15,057,153.12	13,496,384.67		P 6,016,553.09	5,692,678.73	323,874.36

Alvarez, Alfredo	2,000.00				2,000.00		2,000.00
Ampatin, Estrella V.	27,310.00	189,346.94	224,846.94		(8,190.00)	(8,190.00)	
Antonio, Alfredo			226.00		(226.00)	(226.00)	
Bingculado, Roger		28,225.00	25,949.00		2,276.00	2,276.00	
Bunuan, Editha			3,163.12		(3,163.12)	(3,163.12)	
Cabasada, Albert R.	13,052.32				13,052.32		13,052.32
Canoza, Geraldine		51,640.01	50,640.01		1,000.00	1,000.00	
Cao, Marilou F.	289,744.44	302,695.58	610,201.52		(17,761.50)	(17,761.50)	
Capili, Regina R.	1,820.00				1,820.00		1,820.00
Destura, Blanca	900.00				900.00		900.00
Domingo, Leovildo	(33,276.15)				(33,276.15)		(33,276.15)
Estocada, Donato			9,050.02		(9,050.02)	(9,050.02)	
Faundo, Aurora A.	30,500.00		25,950.00		4,550.00		4,550.00
Fernando, Gerry V.	(17,550.00)	106,290.00	87,740.00		1,000.00	1,000.00	
Frades, Francisca B.	6,566.13	169,727.44	169,727.44		6,566.13		6,566.13
Hamero, Roselyn	16,490.98	31,291.67	48,100.00		(317.35)		(317.35)
Leon, Jocelyn E.	16,269.75	18,700.00	18,700.00		16,269.75	16,269.75	
Lopez, Joseph		27,520.00	24,567.50		2,952.50	2,952.50	
Lopez, Martin Z.	(51,745.67)	404,711.99	336,846.21		16,120.11	16,120.11	
Mendoza, Malaya	7,650.00				7,650.00		7,650.00
Mercado, Raymund			149,649.94		(149,649.94)	(149,649.94)	
Molina, Mark Oliver	(18,122.65)		10,000.00		(28,122.65)	(10,000.00)	(18,122.65)
Oliver, Michael		40,000.00	56,600.00		(16,600.00)	(16,600.00)	
Quines, Dante P.	300.00				300.00		300.00
Quinto, Myrna		62,948.00			62,948.00	62,948.00	
Rapirap, Raquel T.	73,001.98	411,625.10	454,742.86		29,884.22	29,884.22	
Reoperez, Marie Grace		34,816.00			34,816.00	34,816.00	
Rito, Estrellita		104,000.00	104,500.00		(500.00)	(500.00)	
Rosal, Josefina T.	1,000.00				1,000.00		1,000.00
San Diego, Immanuel		6,000.00	5,407.60		592.40	592.40	
San Juan, Cecile		40,120.00	54,568.07		(14,448.07)	(14,448.07)	
Suba, Sally	15,000.00	38,000.00	34,000.00		19,000.00	19,000.00	
Tolentino, Rosula R.	3,577.10	9,000.00	9,000.00		3,577.10		3,577.10
Villar, Gerald L.		326,469.89	326,529.89		(60.00)	(60.00)	
Vizcayno, Wilfredo		19,385.00	27,885.00		(8,500.00)	(8,500.00)	

	P	384,488.23	2,422,512.62	2,868,591.12		P	(61,590.27)	(51,289.67)	(10,300.60)
OLD		1,648,813.34					1,648,813.34		1,648,813.34
TOTAL - 1131012 - NEW	P	4,840,272.87	17,479,665.74	16,364,975.79		P	5,954,962.82	5,641,389.06	313,573.76
		6,489,086.21	17,479,665.74	16,364,975.79			7,603,776.16	5,641,389.06	1,962,387.10

Item 7. Financial Statements

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

FAR EASTERN UNIVERSITY

P.O. BOX 609 MANILA, PHILIPPINES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **The Far Eastern University, Inc.** (the Company), is responsible for the preparation and fair presentation of the financial statements for the years ended March 31, 2012 and 2011, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Reconciliation of Retained Earnings Available for Dividend Declaration
c. Schedule of PFRS Effective as of March 31, 2012
d. Schedule of Financial Indicators for March 31, 2012 and 2011
e. Map Showing the Relationship Between and Among the Company and its Related Entities

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

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

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

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

LYDIA B. ECHAUZ
President and Chief
Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSRIBED AND SWORN to before me this 10th day of July 2012, affiants exhibiting their Community Tax Certificates as follows:

Name	CTC	Date/Place Issued
Lourdes R. Montinola	06999158	1-13-12/Makati City
Lydia B. Echauz	07566107	1-6-12/Manila
Juan Miguel R. Montinola	06998647	1-17-12/Makati

ATTY. ENRICO G. GILERA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
PTR No. 0107848, 01-17-2012, MANILA
IBP No. 873835, 12-21-2011, PPLM
ROLL No. 35145, MAY 27, 1988
COMPLIANCE No. 1100018920

Doc. No. 429
Page No. 87
Book No. V
Series of 2012.

Punongbayan & Araullo

Member of Grant Thornton International Ltd

Financial Statements and Independent Auditors' Report

The Far Eastern University, Incorporated

March 31, 2012, 2011 and 2010

Punongbayan & Araullo

Report of Independent Auditors

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 886 5511
F +63 2 886 5506; +63 2 886 5507
www.punongbayan-araullo.com

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Far Eastern University, Incorporated, which comprise the statements of financial position as at March 31, 2012, 2011 and 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Far Eastern University, Incorporated as at March 31, 2012, 2011 and 2010, and its financial performance and its cash flows for each of the years then ended in accordance with Philippine Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended March 31, 2012 required by the Bureau of Internal Revenue as disclosed in Note 24 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Jessie C. Carpio
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 3174797, January 2, 2012, Makati City
SEC Group A Accreditation
Partner - No. 0011-AR-3 (until Jan. 18, 2015)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-6-2011 (until Sept. 21, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)

June 19, 2012

BUREAU OF INTERNAL RE...
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date JUL 1?/2012 SDS
RECEIVED
ERWIN L. TELAN

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011 (As Restated - see Note 20)	2010 (As Restated - see Note 20)
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	6	**P 421,846,871**	P 342,506,590	P 471,133,965
Receivables - net	7	**758,811,847**	558,164,424	699,920,334
Financial assets at fair value through profit or loss	8	**-**	8,456,381	-
Available-for-sale investments	8	**1,612,888,940**	1,254,185,359	1,202,638,312
Held-to-maturity investments		**-**	-	20,000,000
Other current assets	6, 7	**29,853,986**	28,798,292	90,852,883
Total Current Assets		**2,823,401,644**	2,192,111,046	2,484,545,494
NON-CURRENT ASSETS				
Due from a related party	19	**114,610,613**	394,489,204	218,774,500
Available-for-sale investments	8	**335,300,863**	311,515,573	-
Investments in subsidiaries, associate and joint venture - net	9	**147,313,489**	121,313,489	121,313,489
Investment properties - net	10	**163,711,490**	174,092,814	184,474,138
Property and equipment - net	11	**932,925,048**	841,991,794	722,208,950
Deferred tax assets - net	18	**9,424,385**	7,250,042	7,089,946
Other non-current assets		**3,929,796**	3,929,796	2,765,208
Total Non-current Assets		**1,707,215,684**	1,854,582,712	1,256,626,231
TOTAL ASSETS		**P 4,530,617,328**	P 4,046,693,758	P 3,741,171,725
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable and other liabilities	12	**P 414,402,473**	P 367,931,811	P 416,781,486
Unearned tuition fees	14	**31,922,493**	52,694,576	56,263,568
Income tax payable		**41,982,049**	47,712,327	45,878,467
Total Current Liabilities		**488,307,015**	468,338,714	518,923,521
EQUITY				
Capital stock	20	**1,376,863,400**	984,577,900	984,577,900
Treasury stock	20	**(3,733,100)**	(3,733,100)	(3,733,100)
Accumulated fair value gains	8	**83,549,498**	20,650,845	7,857,562
Retained earnings	20			
Appropriated		**1,718,503,100**	1,853,733,100	1,675,099,017
Unappropriated		**867,127,415**	723,126,299	558,446,825
Total Equity		**4,042,310,313**	3,578,355,044	3,222,248,204
TOTAL LIABILITIES AND EQUITY		**P 4,530,617,328**	P 4,046,693,758	P 3,741,171,725

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011 (As Restated - see Note 20)	2010 (As Restated - see Note 20)
EDUCATIONAL REVENUES	14			
Tuition fees - net		**P 2,006,269,518**	P 1,940,687,592	P 1,809,269,082
Other school fees		**35,545,655**	34,242,601	35,257,665
		2,041,815,173	1,974,930,193	1,844,526,747
OPERATING EXPENSES	15	**1,501,971,010**	1,451,911,734	1,322,781,293
OPERATING INCOME		**539,844,163**	523,018,459	521,745,454
OTHER INCOME (CHARGES)				
Finance income	16	**224,891,416**	170,798,293	113,408,092
Finance costs	16	**(74,467,660)**	(42,137,064)	(25,518,419)
Rental	10	**63,630,627**	48,184,478	39,179,482
Management fees	7	**47,857,409**	18,303,571	14,080,414
Others - net	2	**8,340,883**	6,030,925	8,232,332
		270,252,675	201,180,203	149,381,901
PFOFIT BEFORE TAX		**810,096,838**	724,198,662	671,127,355
TAX EXPENSE	18	**97,085,446**	86,631,665	76,705,960
NET PROFIT	21	**713,011,392**	637,566,997	594,421,395
OTHER COMPREHENSIVE INCOME	8			
Fair value gains, net of tax		**62,898,653**	12,793,283	17,390,999
TOTAL COMPREHENSIVE INCOME		**P 775,910,045**	P 650,360,280	P 611,812,394
Earnings Per Share				
Basic and Diluted	21	**P 51.93**	P 46.43	P 43.29

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Treasury Stock	Accumulated Fair Value Gains	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total Equity
Balance at April 1, 2011							
As previously reported		P 984,577,900	(P 3,733,100)	P 20,650,845	P 1,853,733,100	P 703,282,400	P 3,558,511,145
Prior period adjustments	20	-	-	-	-	19,843,899	19,843,899
As restated		984,577,900	(3,733,100)	20,650,845	1,853,733,100	723,126,299	3,578,355,044
Comprehensive income							
Net profit for the year		-	-	-	-	713,011,392	713,011,392
Fair value gains for the year	8	-	-	62,898,653	-	-	62,898,653
Total comprehensive income		-	-	62,898,653	-	713,011,392	775,910,045
Transactions with owners							
Reversal of appropriations during the year	20				(1,735,000,000)	1,735,000,000	-
Appropriations for the year	20				1,599,770,000	(1,599,770,000)	-
Stock dividends	20	392,285,500	-	-	-	(392,285,500)	-
Cash dividends	20	-	-	-	-	(311,954,776)	(311,954,776)
Total transaction with owners		392,285,500	-	-	(135,230,000)	(569,010,276)	(311,954,776)
Balance at March 31, 2012		**P 1,376,863,400**	**(P 3,733,100)**	**P 83,549,498**	**P 1,718,503,100**	**P 867,127,415**	**P 4,042,310,313**

	Notes	Capital Stock	Treasury Stock	Accumulated Fair Value Gains	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total Equity
Balance at April 1, 2010							
As previously reported		P 984,577,900	(P 3,733,100)	P 7,857,562	P 1,675,099,017	P 533,739,031	P 3,197,540,410
Prior period adjustments	20	-	-	-	-	24,707,794	24,707,794
As restated		984,577,900	(3,733,100)	7,857,562	1,675,099,017	558,446,825	3,222,248,204
Comprehensive income							
Net profit for the year		-	-	-	-	637,566,997	637,566,997
Fair value gains for the year	8	-	-	12,793,283	-	-	12,793,283
Total comprehensive income		-	-	12,793,283	-	637,566,997	650,360,280
Transactions with owners							
Appropriations for the year	20	-	-	-	557,967,418	(557,967,418)	-
Reversal of appropriations during the year	20	-	-	-	(379,333,335)	379,333,335	-
Cash dividends	20	-	-	-	-	(294,253,440)	(294,253,440)
		-	-	-	178,634,083	(472,887,523)	(294,253,440)
Balance at March 31, 2011		P 984,577,900	(P 3,733,100)	P 20,650,845	P 1,853,733,100	P 723,126,299	P 3,578,355,044

	Notes	Capital Stock	Treasury Stock	Accumulated Fair Value Gains	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total Equity
Balance at April 1, 2009							
As previously reported		P 984,577,900	(P 3,733,100)	(P 9,533,437)	P 975,099,017	P 942,811,185	P 2,889,221,565
Prior period adjustments	20	-	-	-	-	15,467,685	15,467,685
As restated		984,577,900	(3,733,100)	(9,533,437)	975,099,017	958,278,870	2,904,689,250
Comprehensive income							
Net profit for the year		-	-	-	-	594,421,395	594,421,395
Fair value gains for the year	8	-	-	17,390,999	-	-	17,390,999
Total comprehensive income		-	-	17,390,999	-	594,421,395	611,812,394
Transactions with owners							
Appropriations for the year	20	-	-	-	1,000,000,000	(1,000,000,000)	-
Reversal of appropriations during the year	20	-	-	-	(300,000,000)	300,000,000	-
Cash dividends	20	-	-	-	-	(294,253,440)	(294,253,440)
		-	-	-	700,000,000	(994,253,440)	(294,253,440)
Balance at March 31, 2010		P 984,577,900	(P 3,733,100)	P 7,857,562	P 1,675,099,017	P 558,446,825	P 3,222,248,204

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011 (As Restated - see Note 20)	2010 (As Restated - see Note 20)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 810,096,838**	P 724,198,662	P 671,127,355
Adjustments for:				
Interest income	16	**(224,891,416)**	(162,341,912)	(113,408,092)
Depreciation and amortization	15	**98,466,077**	87,078,727	68,603,195
Fair value loss (gain) on financial assets at fair value through profit or loss	16	**9,602,353**	(8,456,381)	-
Unrealized foreign exchange losses	16	**12,601,630**	3,772,225	3,482,984
Operating profit before working capital changes		**705,875,482**	644,251,321	629,805,442
Increase in receivables		**(83,692,315)**	(21,209,972)	(86,959,370)
Decrease in other assets		**(1,055,694)**	60,890,003	7,673,184
Increase in accounts payable and other liabilities		**42,203,611**	28,084,152	30,230,458
Decrease in unearned tuition fees		**(20,772,083)**	(3,568,992)	(19,235,581)
Cash generated from operations		**642,559,001**	708,446,512	561,514,133
Income taxes paid		**(104,990,067)**	(84,957,901)	(75,832,382)
Net Cash From Operating Activities		**537,568,934**	623,488,611	485,681,751
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in available-for-sale investments	8	**(332,201,233)**	(353,513,737)	(112,137,356)
Interest received		**207,832,273**	147,034,401	110,757,785
Acquisitions of property and equipment	11	**(179,018,007)**	(196,480,247)	(163,952,035)
Decrease (increase) in loans receivable		**92,500,000**	312,968,845	(477,000,000)
Collections from (advances to) a related party	19	**81,087,261**	(310,410,156)	(118,774,500)
Additional investments in subsidiaries, an associate and a joint venture	9	**(19,604,637)**	-	(6,250,000)
Decrease in held-to-maturity investments	2	**-**	20,000,000	-
Net Cash Used in Investing Activities		**(149,404,343)**	(380,400,894)	(767,356,106)
CASH FLOWS FROM FINANCING ACTIVITY				
Dividends paid	20	**(308,833,696)**	(371,187,267)	(365,479,906)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		**9,385**	(527,825)	(3,482,984)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**79,340,280**	(128,627,375)	(650,637,245)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**342,506,590**	471,133,965	1,121,771,210
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 421,846,870**	P 342,506,590	P 471,133,965

Supplemental Information on Noncash Operating, Investing and Financing Activities:

1) In 2012, the University declared and issued stock dividends amounting to P392.3 million (see Note 20).

2) In 2012, 2011 and 2010, the University declared cash dividends totaling P311.9 million, P294.3 million and P294.3 million, respectively, of which P0.6 million, P5.7 million and P8.5 million, respectively, were paid subsequent to the year of declaration (see Note 20).

3) In 2012, the University subscribed to additional 260,000 shares from Far Eastern College-Silang, Inc.'s unissused capital stock for a total consideration of P26.0 million. Out of the total, P19.6 million was paid in cash and the balance of P6.4 million was settled through offsetting of advances (see Notes 9 and 19).

4) In 2011, the balance of Advances to Joint Venture under Registration amounting to P6.3 million was transferred to Investment in Joint Venture upon the Securities and Exchange Commission's approval of the joint venture's registration (see Note 9).

5) The P52.0 million advances to contractors for the improvements made on a leased property in 2010 were transferred from Other Current Assets to Property and Equipment upon completion of the construction of the improvement (see Note 7).

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

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

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

In November 2009, FEU entered into a Joint Venture (JV) Agreement to establish a joint venture company (JVC) for culinary arts. The registration of the JVC was approved by the SEC on May 7, 2010 (see Note 9). In 2010, the University established the FEU Makati Campus (the Branch) in Makati City (see Note 7). The Branch started its operations in June 2010.

As of March 31, 2012, 2011 and 2010, the University holds interest in the following subsidiaries, associate and a joint venture which were all incorporated and operating in the Philippines (see Note 9):

	Percentage of Effective Ownership		
Company Name	**2012**	2011	2010
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	**100%**	100%	100%
Far Eastern College-Silang, Inc. (FECSI)	**100%**	100%	100%
Fern Realty Corporation (FRC)	**37.52%**	37.52%	37.52%
TMC – FRC Sports Performance and Physical Medicine Center, Inc. (SPARC)	**22.51%**	22.51%	22.51%
Associate –			
Juliana Management Co., Inc. (JMCI)	**49%**	49%	49%
Joint Venture –			
ICF – CCE, Inc.	**50%**	50%	-

FECSI was incorporated on January 21, 2009 and has started commercial operations in June 2010. FECSI and EACCI, similar to the University, were also established to operate as educational institutions. FRC, on the other hand, operates as a real estate company, leasing most of its investment properties to the University and other related parties. FEU owns 22.51% of SPARC through FRC which acquired 60% equity ownership interest in SPARC in 2008. SPARC is engaged in the business of organizing, owning, operating, managing and maintaining a sports facility for the rehabilitation and sports performance enhancement in the Philippines.

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

The financial statements of the University for the year ended March 31, 2012 (including the comparatives for the years ended March 31, 2011 and 2010) were authorized for issue by the Board of Trustees (BOT) on June 19, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The University presents all items of income and expenses in a single statement of comprehensive income. The University has been presenting two comparative periods for the statement of financial position regardless whether the University has or does not have retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

In 2012, the University reclassified certain accounts in the statement of financial position of 2011 to conform with the 2012 financial statements presentation. In 2011, accounts related to investments in trust accounts were segregated into cash equivalents, loans receivable, interest receivable, accrued expenses and other liabilities and previously presented as part of Cash and Cash Equivalents, Receivables and Accounts Payable and Other Current Liabilities accounts in the consolidated statements of financial position. In 2012, management deemed it appropriate to present the net assets of the said trust accounts as part of Available-for-sale (AFS) Investments.

Also, as more fully discussed in Note 20.2, in 2012, the University changed its accounting policy on trust funds.

(c) Functional Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2012 that are Relevant to the University

In 2012, the University adopted the following amendment, interpretation and annual improvements to PFRS that are relevant to the University and effective for financial statements for the annual period beginning on or after July 1, 2010 or January 1, 2011:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Classification of Rights Issues
PAS 24 (Amendment)	:	Related Party Disclosures
Philippine Interpretations International Financial Reporting Interpretations Committee (IFRIC) 19	:	Extinguishing Financial Liabilities with Equity Instruments
Various Standards	:	2010 Annual Improvements to PFRS

Below is the discussion of the impact of these accounting standards.

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Classification of Rights Issues* (effective from February 1, 2010). The amendment addresses the accounting for rights issues (e.g., rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. In particular, when the amendment is applied, rights (and similar derivatives) to acquire a fixed number of an entity's own equity instruments for a fixed price stated in a currency other than the entity's functional currency, would be classified as equity instruments, provided the entity offers the rights pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendment has no significant impact on the University's financial statements.

(ii) PAS 24 (Amendment), *Related Party Disclosures* (effective from January 1, 2011). The amendment simplifies and clarifies the definition of related party by eliminating inconsistencies in determining related party relationships. The amendment also provides partial exemption from the disclosure requirements for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of this amendment did not result in any significant changes in the University's disclosures of related parties on its financial statements.

(iii) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective from July 1, 2010). This interpretation clarifies the accounting when an entity renegotiates the terms of a financial liability through issuance of equity instruments to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:

- the issue of equity instruments to a creditor to extinguish all or part of financial liability is consideration paid in accordance with PAS 39, *Financial Instruments: Recognition and Measurement;*

- the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;

- if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,

- the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

The adoption of the interpretation did not have a material effect on the University's financial statements as it did not extinguish financial liabilities through equity swap during the year.

(iv) 2010 Annual Improvements to PFRS. The FRSC has adopted the *2010 Improvements to PFRS*. Most of these amendments became effective for annual periods beginning on or after July 1, 2010 or January 1, 2011. Among those improvements, only the following amendments which are effective from January 1, 2011 were identified to be relevant to the University's financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements: Clarification of Statements of Changes in Equity* (effective from July 1, 2010). The amendment clarifies that, for each component of equity, an entity may present an analysis of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. As the University's other comprehensive income only includes fair value changes on AFS investments, the University has elected to continue presenting comprehensive income in the statement of changes in equity.

- PFRS 3 (Amendment), *Business Combinations* (effective from July 1, 2010). The amendment clarifies that contingent consideration arrangement and balances arising from business combinations with acquisition dates prior to the entity's date of adoption of PFRS 3 (Revised 2008) shall not be adjusted on the adoption date. It also provides guidance on the subsequent accounting for such balances.

  It further clarifies that the choice of measuring non-controlling interest at fair value or at the proportionate share in the recognized amounts of an acquiree's identifiable net assets, applies only to instruments that represent ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless PFRS requires another measurement basis.

  This amendment also clarifies accounting for all share-based payment transactions that are part of a business combination, including unreplaced and voluntary replaced share-based payment awards. Specifically, this provides guidance for situations where the acquirer does not have an obligation to replace an award but replaces an existing acquire award that would otherwise have continued unchanged after the acquisition, thus resulting to the accounting for these awards being the same as for the awards that the acquirer is obliged to replace. As there were no business combination transactions entered into by the University, the amendment has no significant impact in the financial statements of the University.

- PAS 34 (Amendment), *Interim Financial Reporting – Significant Events and Transactions* (effective from January 1, 2011). The amendment provides further guidance to illustrate how to apply disclosure principles under PAS 34 for significant events and transactions to improve interim financial reporting. It requires additional disclosure covering significant changes to fair value measurement and classification of financial instruments, and to update relevant information from the most recent annual report. Since the University already provides sufficient and appropriate disclosures for significant events and transactions in its interim financial reporting, this amendment has no significant effect on the University's financial statements.

- PFRS 7 (Amendment), *Financial Instruments: Clarification of Disclosures* (effective from January 1, 2011). The amendment clarifies the disclosure requirements which emphasize the interaction between quantitative and qualitative disclosures about the nature and extent of risks arising from financial instruments. It also amends the required disclosure of financial assets including the financial effect of collateral held as security. This amendment has no significant effect on the financial statements since the University already provides adequate information in its financial statements in compliance with the disclosure requirements.

(b) Effective in Fiscal Year 2012 that are not Relevant to the University

The following amendments and improvements to published standards are mandatory for accounting periods beginning on or after January 1, 2011 but are not relevant to the University's financial statements:

PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Limited Exemption from PFRS 7 Comparative Disclosures
2010 Annual Improvements		
PAS 21 (Amendment)	:	The Effects of Changes in Foreign Exchange Rates
PAS 28 (Amendment)	:	Investments in Associate
PAS 31 (Amendment)	:	Investment in Joint Ventures
PFRS 1 (Amendment)	:	First-time Adoption of PFRS
IFRIC 13 (Amendment)	:	Customer Loyalty Programmes – Fair Value Awards Credits
IFRIC 14 (Amendment)	:	Prepayments of a Minimum Funding Requirement

(c) *Effective Subsequent to Fiscal Year 2012 but not Adopted Early*

There are new and amended PFRS that are effective for periods subsequent to 2011. Among those pronouncements, management has initially determined the following, which the University will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets* (effective from July 1, 2011). The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The University does not usually enter into this type of arrangement with regard to transfer of financial asset, hence, the amendment may not significantly change the University's disclosures in its financial statements.

(ii) PAS 12 (Amendment), *Income Taxes* (effective from January 1, 2012). An entity is required to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. However, when the asset is measured using the fair value model in PAS 40, *Investment Property*, it can be difficult and subjective to assess whether the recovery will be through use or sale; accordingly, an amendment to PAS 12 was made. The amendment introduces a presumption that recovery of the carrying amount will be or normally be through sale. Consequently, Philippine Interpretation SIC-21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* would no longer apply to investment properties carried at fair value. The amendment also incorporates into PAS 12 the remaining guidance previously contained in Philippine Interpretation SIC-21, which is accordingly withdrawn. As of March 31, 2012, management is still evaluating the effect of this amendment to the University's financial statements.

(iii) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in Other Comprehensive Income into those that, in accordance with other PFRS (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The University's management expects that this will not affect the presentation of items in other comprehensive income, since all of the University's other comprehensive income, which includes fair value gains and losses on AFS investments, can be reclassified to profit or loss when specified conditions are met.

(iv) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The University is yet to assess the impact of this new standard.

(v) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39 in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accouting are still being completed.

The University does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the University and is committed to conduct a continuing comprehensive study of the potential impact of this standard to assess the impact of all changes in view of its adoption in 2015.

(vi) Consolidation Standards

The University is currently reviewing the impact of the following consolidation standards on its financial statements in time for its adoption in 2013:

- PFRS 10, *Consolidated Financial Statements* (effective from January 1, 2013). This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.

- PFRS 11, *Joint Arrangement* (effective from January 1, 2013). This standard provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. This standard replaces the three categories under PAS 31, *Interests in Joint Ventures,* mainly, jointly controlled entities, jointly controlled operations and jointly controlled assets, with two new categories – joint operations and joint ventures. Moreover, this also eliminates the option of using proportionate consolidation for joint ventures.

- PFRS 12, *Disclosure of Interest in Other Entities* (effective from January 1, 2013). This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structures entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Revised), *Separate Financial Statements* (effective from January 1, 2013). This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in the new PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Revised), *Investments in Associate and Joint Venture* (effective from January 1, 2013). This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11.

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

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

Subsidiaries are entities over which the University has the power to govern the financial reporting policies generally accompanying a shareholding of more than one half of the voting rights. The University obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the University controls another entity.

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

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

The University's investments in subsidiaries, associate and joint venture are accounted for in these separate financial statements at cost, less any impairment loss (see Note 2.12).

Any goodwill arising from the acquisition of investments in subsidiaries, associate and joint venture, representing the excess of the acquisition costs over the fair value of the University's share in the identifiable net assets of the acquired subsidiaries or associates at the date of acquisition, is included in the amount recognized as investments in subsidiaries, associate and joint venture.

2.4 Financial Assets

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

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

Currently, the University's financial instruments are categorized as follows:

(a) Financial Assets at FVTPL

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

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

The University has derivative assets (including embedded derivatives), included under this category, that are presented as Financial Assets at Fair Value through Profit or Loss account in the statement of financial position.

The University uses derivatives financial instruments to manage its risks associated with fluctuations in foreign currency. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is favorable to the University and as liabilities when the fair value is favorable to the counterparty.

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

(b) Loans and Receivables

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

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment loss, if any. Impairment loss is provided when there is objective evidence that the University will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows, discounted at the effective interest rate.

The University's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Receivables (excluding advances to employees), Due from a Related Party, Other Current Assets to the extent of the restricted cash and cash equivalents included therein and Deposits presented as Non-current assets, in the statement of financial position.

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

(c) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the University has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. If the University were to sell other than an insignificant amount of HTM investments, the whole category would be tainted and reclassified as AFS financial assets. HTM investments are included in non-current assets in the statement of financial position, except those maturing within 12 months from the end of the reporting period, which are presented as part of current assets.

Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired.

(d) AFS Financial Assets

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

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Accumulated Fair Value Gains account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

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

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows (such as dividend income) of the underlying net asset base of the investment.

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

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.5 Property and Equipment

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

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

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

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

Leasehold improvements are amortized over 20 years regardless of the term of lease contract which is usually shorter than the expected useful life of the improvements because it is highly probable that the lease contract with FRC will be renewed before the end of such contract.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12).

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

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

2.6 Investment Property

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

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

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

2.7 Financial Liabilities

Financial liabilities, which include Accounts Payable and Other Liabilities (except tax-related liabilities), are recognized when the University becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using the effective interest method for maturities beyond one year, less settlement payments.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.8 Provisions and Contingencies

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

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

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

2.9 Revenue and Expense Recognition

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

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

(a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period. Revenues from national service training program trust funds (see Note 2.15) are recognized upon fulfillment of conditions attached to the fund and/or extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as trust funds (liability).

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

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

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

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

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred.

2.10 Leases

The University accounts for its leases as follows:

(a) *University as Lessee*

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

(b) *University as Lessor*

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

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

2.11 Foreign Currency Transactions

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

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

2.12 Impairment of Non-financial Assets

The University's investments in subsidiaries, associate and joint venture, property and equipment, investment properties and certain other non-financial assets are subject to impairment testing. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flows. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.13 Employee Benefits

(a) Post-employment Benefits

Post-employment benefits are provided to employees through a defined contribution plan.

A defined contribution plan is a pension plan under which the University pays fixed contributions to an independent entity. The University has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

(b) Termination Benefits

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

(c) Compensated Absences

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

2.14 Deposits Payable

This represents funds collected from students or entities that are held by the University. The University has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit. This is presented as part of Accounts Payable and Other Current Liabilities account under current liabilities as they are normally of a short term in nature.

2.15 Trust Funds

This represents restricted funds of the University that are intended for student's national service training program and other specific educational purposes. The University administers the use of these funds based on the specific purpose such funds are identified with. This is presented as Trust Funds under current liabilities in the statement of financial position.

2.16 Income Taxes

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

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

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

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

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

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity.

2.17 Related Party Transactions

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

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

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

2.18 Equity

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

Treasury shares are stated at the cost of re-acquiring such shares.

Accumulated fair value gains comprise gains arising from the revaluation of AFS investments.

Retained earnings include all current and prior period results of operations as disclosed in profit or loss in the statement of comprehensive income. The appropriated portion represents the amount which is not available for distribution.

2.19 Offsetting of Financial Instruments

Financial assets and liabilities, particularly Due from/to related parties, are set off and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.20 Events After the Reporting Period

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

2.21 Earnings Per Share

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the University's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Accounting for Funds Based on Purpose

The University sets aside an amount of funds collected from students that are intended for students' other specific educational purposes including the national service and training program. Management determines whether the University has control over its use and whether such funds were disbursed based on the purpose for which the funds were collected. If management determines that the purpose of such fund has been served or are served as part of the regular operations of the University and no continuing obligation is required, any unutilized fund at the end of each year will be recognized as part of educational revenues. However, should the restrictions attached to the funds extend beyond one period, the balance of funds is retained as trust funds, recorded as part of Trust Funds account in the statement of financial position, until such time the conditions and restrictions are fully satisfied. Based on management's evaluation, collected fees for the national service and training program is the only fund that has attached conditions and restrictions which need to be satisfied before revenues may be recognized.

As of March 31, 2012, 2011 and 2010, there is no outstanding trust funds as management assessed that the entire amount of trust funds have been utilized for its intended purpose (see Note 13).

(b) HTM Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as bonds, as HTM investments, the University evaluates its intention and ability to hold such investments up to maturity. If the University fails to keep these investments to maturity other than for specific circumstances as allowed under the standards, it will be required to reclassify the whole class to AFS financial assets. In such a case, the investments would therefore be measured at fair value, not amortized cost.

Subsequent to March 31, 2011, the University sold certain HTM investments amounting to P29.9 million before its scheduled maturity. This event was treated as an adjusting event to the University's 2011 financial statements. Moreover, the disposal of the HTM investments prior to maturity tainted the classification of such as HTM investments, hence in 2011, the University reclassified the remaining balance of HTM Investments amounting to P311.5 million to AFS Investments. In accordance with PFRS, the University is not allowed to classify any existing or newly purchased investments under HTM investments category for the next two financial years after the year of tainting even if the current intention of management is to hold such investments until its maturity.

(c) *Classification of Time Deposits*

The University classifies time deposits depending on its intention in holding such financial assets. If the University intends to hold such financial assets to earn interest income regardless of original maturity, it classifies such financial assets as AFS Investments. However, should the University's intention is to hold such financial assets for operational purposes; it classifies such financial assets as cash equivalents.

The carrying amount of cash and cash equivalents and AFS Investments are presented in Notes 6 and 8, respectively.

(d) *Distinction Between Investment Properties and Owner-managed Properties*

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

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

(e) *Classification of Leases*

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

(f) Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provision and contingencies are discussed in Note 2.8 and relevant disclosures are presented in Note 22.

3.2 Key Sources of Estimation Uncertainty

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

(a) Allowance for Impairment of Receivables

The University maintains an allowance for impairment loss on receivables at a level considered adequate to cover probable uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, history of the students' payment behavior, age of receivables and other external factors affecting the education industry. The University constantly reviews the age and status of receivables and identifies accounts that should be provided with allowance. Full allowance is provided to receivables from uncollected tuition fees of the previous school term when no enrollment of specific student is noted in the succeeding school term.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 7.

(b) Valuation of Financial Assets Other than Loans and Receivables

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

The carrying values of the University's AFS Investments and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 8. On the other hand, fair value gains or losses recognized on FVTPL investments in 2012 and 2011 are presented as Fair value gains or losses on financial assets at FVTPL under Finance Income or Finance Costs in the 2012 and 2011 statements of comprehensive income.

(c) *Impairment of AFS Investments*

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the University evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. Based on the recent evaluation of information and circumstances affecting the University's AFS Investments, management concluded that the assets are not impaired as of March 31, 2012, 2011 and 2010. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(d) *Useful Lives of Investment Properties and Property and Equipment*

The University estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of investment properties and property and equipment are presented in Notes 10 and11, respectively. Based on management's assessment as at March 31, 2012, 2011 and 2010, there is no change in the estimated useful lives of the assets during those years. Actual results, however, may vary due to changes in factors mentioned above.

(e) *Principal Assumptions for Estimation of Fair Value*

Investment property is measured using the cost model. The fair value disclosed in the financial statements is determined by the University using the discounted cash flows valuation technique since information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property was not readily available. The University uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

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

The expected future market rentals are determined on the basis of the remaining useful life of the properties being leased out of 20 years.

(f) Impairment of Non-financial Assets

The University's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.12. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. Based on management's assessment, the University did not recognize any impairment loss on investment properties, property and equipment, and investments in subsidiaries, associate and joint venture in 2012, 2011 and 2010.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

4.1 Interest Rate Risk

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

	Notes	**2012**	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Cash and cash equivalents	6	**P 421,564,625**	P 342,506,590	P 159,618,392
AFS investments	8	**144,513,737**	530,183,752	-
HTM investments		**-**	-	20,000,000
Restricted cash and cash equivalents	6	**5,000,000**	5,000,000	5,000,000
		P 571,078,362	P 877,690,342	P 184,618,392

The following table illustrates the sensitivity of profit before tax for the years with regard to the University's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence. The sensitivity analysis is based on the University's financial instruments held at March 31, 2012, 2011 and 2010.

	2012		2011 (As restated – see Note 20.2)		2010 (As restated – see Note 20.2)	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	**+/-0.98%**	**P 4,131,333**	+/-0.53%	P 1,815,285	+/-1.83%	P 2,921,017
AFS investments	**+/-1.21%**	**1,748,616**	+/-1.48%	7,846,720	-	-
Restricted cash and cash equivalents	**+/-0.98%**	**48,836**	+/-0.53%	26,500	+/-1.83%	91,500
HTM investments	**-**	**-**		-	+/-2.77%	554,000
		P 5,918,749		P 9,688,505		P 3,566,517

4.2 Credit Risk

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

The University has neither any significant exposure to any individual customer or counterparty nor does it have any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties.

It has, however, a significant amount of loans to FRC which are not considered high risk considering that FRC is a subsidiary of the University (see Notes 19.1 and 19.2). With respect to credit risk arising from cash and cash equivalents, receivables, due from a related party, AFS investments and HTM investments, the University's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The risk is minimal as these financial assets and investments are with reputable financial institutions and with related parties.

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

	Notes	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Cash and cash equivalents	6	**P 421,846,871**	P 342,506,590	P 471,133,965
Receivables	7	**398,970,095**	409,319,713	690,640,529
Financial assets at FVTPL	8	**-**	8,456,381	-
AFS investments (except equity securities)	8	**1,740,068,298**	1,414,943,419	1,180,709,313
Restricted cash and cash equivalents	6	**5,000,000**	5,000,000	5,000,000
Due from a related party	19.1	**465,156,538**	529,184,656	218,774,500
HTM investments		**-**	-	20,000,000
Deposits *		**3,929,796**	3,929,796	2,765,206
		P 3,034,971,598	P 2,713,340,555	P 2,589,023,513

** Presented as part of Other Current Assets in the statements of financial position.*

The table below shows the credit quality of the University's financial assets as of March 31, 2012, 2011 and 2010 having past due components.

	Notes	Neither past due nor impaired	Past due and impaired (As restated – see Note 20.2)	Total
2012				
Cash and cash equivalents	6	P 421,846,871	P -	P 421,846,871
Receivables	7	398,970,095	32,243,871	431,213,966
AFS investments (except equity securities)	8	1,740,068,298	-	1,740,068,298
Restricted cash and cash equivalents	6	5,000,000	-	5,000,000
Due from a related party	19.1	465,156,538	-	465,156,538
Deposits		3,929,796	-	3,929,796
		P 3,034,971,598	P 32,243,871	P 3,067,215,469

	Notes	Neither past due nor impaired	Past due and impaired (As restated – see Note 20.2)	Total
2011				
Cash and cash equivalents	6	P 342,506,590	P -	P 342,506,590
Receivables	7	409,319,713	24,428,937	433,748,650
Fair value through profit or loss	8	8,456,381	-	8,456,381
AFS investments (except equity securities)	8	1,414,943,419	-	1,414,943,419
Restricted cash and cash equivalents	6	5,000,000	-	5,000,000
Due from a related party	19	529,184,656	-	529,184,656
Deposits		3,929,796	-	3,929,796
		P 2,713,340,555	P 24,428,937	P 2,737,769,492
2010				
Cash and cash equivalents	6	P 471,133,965	P -	P 471,133,965
Receivables	7	690,640,529	15,727,708	706,368,237
AFS investments (debt securities)	8	1,180,709,313	-	1,180,709,313
HTM investments		20,000,000	-	20,000,000
Restricted cash and cash equivalents	6	5,000,000	-	5,000,000
Due from a related party	19	218,774,500	-	218,774,500
Deposits		2,765,206	-	2,765,206
		P 2,589,023,513	P 15,727,708	P 2,604,751,221

The University has past due but not impaired receivables at the end of each year.

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

The University's management considers that all the above financial assets are not impaired, except those specifically provided with allowance for impairment at the end of the reporting period, and of good credit quality. Cash and cash equivalents, AFS investments and HTM investments are coursed through reputable financial institutions duly approved by the BOT. The balance of Due from a Related Party account is from a profitable related party with a good payment record; collections therefrom are reasonably assured.

4.3 Liquidity Risk

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

Financial liabilities of the University at the end of the reporting period comprise of Accounts Payable and Other Liabilities (excluding tax-related liabilities) which are all short-term in nature and have contractual maturities of less than 12 months.

4.4 Other Price Risk

The University's exposure to price risk arises from its investments in equity securities, which are classified as AFS Investments in the statements of financial position.

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

AFS investments consist of publicly listed equity securities which are carried at fair value.

For equity securities listed in the Philippines, an average volatility of 15.74%, 18.98% and 26.06% has been observed during 2012, 2011 and 2010, respectively. If quoted price for these securities increased or decreased by that amount profit before tax would have changed by P11.9 million, P28.6 million and P5.7 million in 2012, 2011 and 2010, respectively.

The investments are considered long-term strategic investments. In accordance with the University's policies, no specific hedging activities are undertaken in relation to these investments, except as discussed in Note 8 in connection with its investment in cross currency swap. The investments are continuously monitored to ensure returns of these equity instruments are timely utilized or reinvested in the University's favor.

5. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

5.1 Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the statements of financial position are shown below.

	Notes	2012		2011 (As restated – see Note 20.2)		2010 (As restated – see Note 20.2)	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets							
Loans and receivables:							
Cash and cash equivalents	6	**P 421,846,871**	**P 421,846,871**	P 342,506,590	P 342,506,590	P 471,133,965	P 471,133,965
Receivables	7	**398,970,095**	**398,970,095**	409,319,713	409,319,713	690,640,529	690,640,529
Restricted cash and cash equivalents	6	**5,000,000**	**5,000,000**	5,000,000	5,000,000	5,000,000	5,000,000
Due from a related party	19	**465,156,538**	**465,156,538**	529,184,656	529,184,656	218,774,500	218,774,500
Deposits *		**3,929,796**	**3,929,796**	3,929,796	3,929,796	2,765,208	2,765,208
		1,294,903,300	**1,294,903,300**	1,289,940,755	1,289,940,755	1,388,314,202	1,388,314,202
FVTPL							
Cross currency swaps	9	**-**	**-**	8,456,381	8,456,381	-	-
AFS investments:	8						
Short-term investments		**144,513,737**	**144,513,737**	530,183,752	530,183,752	-	-
Debt securities		**1,595,554,561**	**1,595,554,561**	884,759,667	884,759,667	1,180,709,313	1,180,709,313
Equity securities		**208,121,505**	**208,121,505**	150,757,513	150,757,513	21,928,999	21,928,999
		1,948,189,803	**1,948,189,803**	1,565,700,932	1,565,700,932	1,202,638,312	1,202,638,312
HTM investments - Debt securities		**-**	**-**	-	-	20,000,000	20,000,000
		P 3,243,093,103	**P 3,243,093,103**	P 2,855,641,687	P 2,855,641,687	P 2,610,952,514	P 2,610,952,514
Financial Liabilities							
Accounts payable and other liabilities	12	**P 381,984,187**	**P 381,984,187**	P 331,872,666	P 331,872,666	P 380,650,076	P 380,650,076

** Presented as part of Other Current Assets in the statements of financial position.*

See Notes 2.4 and 2.7 for a description of the accounting policies for each category of financial instruments. A description of the University's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

Financial assets and liabilities measured at fair value are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significant of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The breakdown of the University's FVTPL, AFS investments and liabilities measured at fair value in its statements of financial position as of March 31, 2012, 2011 and 2010 is as follows (see Note 8):

2012	Level 1	Level 2	Level 3	Total
Debt securities:				
Government	P 835,320,756	P -	P -	P 835,320,756
Corporate	760,233,805	-	144,513,737	904,747,542
Equity securities	208,121,505	-	-	208,121,505
Derivative liability:				
Cross currency swaps	1,145,972	-	-	1,145,972
	P 1,804,822,038	**P -**	**P 144,513,737**	**P1,949,335,775**

2011	Level 1	Level 2	Level 3	Total
Debt securities:				
Government	P 796,813,448	P -	P -	P 796,813,448
Corporate	87,946,219	-	530,183,752	618,129,971
Equity securities	150,757,513	-	-	150,757,513
FVTPL:				
Cross currency swaps	8,456,381	-	-	8,456,381
	P 1,043,973,561	P -	P 530,183,752	P 1,574,157,313

2010	Level 1	Level 2	Level 3	Total
Debt securities:				
Government	P 678,179,527	P -	P -	P 678,179,527
Corporate	55,540,548	-	446,989,238	502,529,786
Equity securities	21,928,999	-	-	21,928,999
	P 755,649,074	P -	P 446,989,238	P 1,202,638,312

6. CASH AND CASH EQUIVALENTS

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

	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Cash on hand and in banks	**P 230,845,593**	P 167,451,811	P 100,407,916
Short-term placements	**191,001,278**	175,054,779	370,726,049
	P 421,846,871	P 342,506,590	P 471,133,965

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the University. These placements earn effective annual interest ranging from 2.6% to 4.8% in 2012, 0.4% to 4.2% in 2011 and 2.5% to 4.5% in 2010 for peso placements and 0.5% in 2012 and 2011 for dollar placements; there were no dollar placements in 2010. Interest income earned from cash and cash equivalents are presented as part of Finance Income in the statements of comprehensive income (see Note 16.1). The related interest receivable from placements as of March 31, 2012 and 2011 are presented as part of Accrued interest under Receivables in the statements of financial position (see Note 7).

As of March 31, 2012 and 2011, other short-term placements amounting to P144.5 million and P530.2 million, respectively, that earn an annual interest ranging from 2.9% to 4.5% in 2012 and 2.6% to 4.1% in 2011, and maturing beyond three months from the date of placement were excluded from Cash and Cash Equivalents and presented as Available-for-sale Investments in the statements of financial position (see Note 8).

Certain portion of cash and cash equivalents amounting to P5.0 million as of March 31, 2012, 2011 and 2010 are restricted as mandated by the University's online credit card payment facility with a certain local bank. Considering the restriction on such amount of cash and cash equivalents, this is included as part of the Other Current Assets account in the statements of financial position (see Note 4.2).

7. RECEIVABLES

This account is composed of the following:

	Notes	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Tuition and other school fees		**P 212,527,716**	P 160,628,916	P 104,475,283
Allowance for impairment		**(32,243,871)**	(24,428,937)	(15,727,708)
		180,283,845	136,199,979	88,747,575
Loans receivable		**55,200,000**	147,700,000	477,000,000
Receivable from:				
FRC	19.1, 19.2	**350,680,283**	134,903,190	288,906
East Asia Educational Foundation, Inc. (EAEF)	19.2, 19.6, 19.7	**62,072,963**	28,952,968	22,415,485
ICF-CCE, Inc.		**39,750,183**	32,179,755	-
FEU Educational Foundation, Inc. (FEFI)		**37,078,392**	37,078,392	36,671,312
EACCI		**7,500,000**	-	-
Nicanor Reyes Educational Foundation, Inc. (FERN College)	19.2	**2,024,918**	1,945,891	1,900,648
FECSI	19.2	**2,966**	5,536,612	7,186,208
Accrued interest	6, 8, 19.1	**12,591,975**	19,707,966	11,380,645
Advances to employees		**9,295,826**	13,941,521	9,279,805
Others		**2,330,496**	18,150	45,049,750
		P 758,811,847	P 558,164,424	P 699,920,334

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of 2012, 2011 and 2010 is shown below.

	Note	2012	2011	2010
Balance at beginning of year		**P 24,428,937**	P 15,727,708	P 14,146,263
Impairment losses during the year	16.2	**46,700,571**	32,509,082	22,035,435
Receivables written off during the year		**(38,885,637)**	(23,807,853)	(20,453,990)
		P 32,243,871	P 24,428,937	P 15,727,708

All of the University's receivables had been reviewed for indicators of impairment. Certain tuition and other school fees receivables were found to be impaired; accordingly an allowance has been recorded. The allowance for impairment loss on receivables as of March 31, 2012, 2011 and 2010 relates only to receivables from students which have been outstanding for more than one semester and specifically identified to be impaired. No allowance for impairment loss on all other receivables was provided as of March 31, 2012, 2011 and 2010 since management believes that those are collectible in full. Impairment loss recognized on receivables is presented as part of Finance Costs in the statements of comprehensive income (see Note 16.2).

Loans receivable represents promissory notes issued by certain rental and leasing domestic corporation in favor of the University's funds maintained with a certain local bank. The University and the local bank has an existing Investment Management Agreement. Interest income earned from these loans is presented as part of Finance Income in the statements of comprehensive income (see Note 16.1).

Receivable from EAEF, a related party under common management, represents the outstanding receivables arising from management services provided by the University to EAEF and those arising from the lease of a school building to EAEF (see Note 19.6).

The University provides cash advances to support certain operating requirements (such as faculty payroll) for FEFI, FERN College, FECSI and ICF-CCE, Inc. Such advances are regularly paid back to the University. Outstanding receivables arising from this transaction are presented as part of Receivable from FEFI, FERN College, FECSI and ICF-CCE, Inc.

The University leases out certain floors of a building in Makati to ICF-CCE, Inc. for a period of one year, subject to annual renewal as agreed by both parties (see Note 22.2). The outstanding rental receivables arising from this transaction are presented as part of Receivables from ICF-CCE, Inc.

Advances to officers and employees comprise of unsecured and noninterest-bearing advances to officers and employees which are liquidated or payable through salary deduction within 15 days.

Other receivables as of March 31, 2010 includes a P43.7 million option money for the acquisition of shares of stock of Crans Montana Holdings Corporation (Crans Montana). Under the agreement, such option money will be refunded to the University upon acquisition of Crans Montana or failure by FEU to pursue such acquisition. Pending consummation of the Crans Montana acquisition as of March 31, 2010, the University temporarily leased the properties (land located in Makati City) owned by Crans Montana (Crans Montana Property) until November 2010 and made improvements thereon, including construction of a new school building, for the FEU Makati Campus (see Notes 1 and 22.1). In 2011, the P43.7 million option money was refunded to the University since it did not pursue the acquisition; the land was acquired by FRC instead (see Note 19.4). Accordingly, the University entered into a new lease agreement with FRC (see Note 22.1).

In relation to the improvements made on the Crans Montana Property, the University has made advances to contractors amounting to P52.0 million which remained outstanding as of March 31, 2010. Such advances are presented as part of Other Current Assets in the 2010 statement of financial position. In 2011, these P52.0 million advances were subsequently used and capitalized as part of Buildings and Improvement, presented under Property and Equipment account in the 2011 statement of financial position upon completion of the construction (see Note 11).

The net carrying value of receivables is considered a reasonable approximation of fair value (see Note 5.1).

8. AVAILABLE-FOR-SALE INVESTMENTS

This category of financial assets consists of the following:

	Note	**2012**	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Short-term investments	6	**P 144,513,737**	P 530,183,752	P -
Debt securities:				
Government		**835,320,756**	796,813,448	678,179,527
Corporate		**760,233,805**	87,946,219	502,529,786
		1,595,554,561	884,759,667	1,180,709,313
Equity securities		**208,121,505**	150,757,513	21,928,999
		P 1,948,189,803	P 1,565,700,932	P 1,202,638,312

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

	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Current	**P 1,612,888,940**	P 1,254,185,359	P 1,202,638,312
Non-current	**335,300,863**	311,515,573	-
	P 1,948,189,803	P 1,565,700,932	P 1,202,638,312

Interest income recognized in 2012, 2011 and 2010 are presented as part of Finance Income in the statements of comprehensive income (see Note 16.1). The related outstanding interest is presented as part of Accrued interest under Receivables in the statements of financial position (see Note 7).

As of March 31, 2012 and 2011, short-term placements amounting to P114.5 million and P530.2 million, respectively, that earn interest ranging from 2.9% to 4.5% in 2012 and 2.6% to 4.1% in 2011, and maturing beyond three months from the date of placement were presented as part of the AFS Investment account. There were no similar transactions in 2010.

In 2012 and 2011, some of the University's AFS investments in debt securities include derivative assets arising from cross currency swap. As of March 31, 2012, the net fair values of these embedded cross currency swaps amounting to P1.1 million were presented as Cross currency swap payable under Accounts Payable and Other Liabilities account while the net fair values of these embedded cross currency swaps as of March 31, 2011 amounting to P8.5 million were presented as Financial Assets at FVTPL account in the 2012 and 2011 statements of financial position, respectively. The related fair value gains or losses are presented as part of Finance Income (Costs) in the 2012 and 2011 statements of comprehensive income (see Note 16). The net changes in carrying amount of the related interest payable from this cross currency swaps amounting to P5.6 million and P3.4 million, as of March 31, 2012 and 2011, respectively, were presented as part of Finance Costs in the 2012 and 2011 statements of comprehensive income while the related liability is presented as part of Accrued expenses under the Accounts Payable and Other Liabilities account in the 2012 and 2011 statements of financial position (see Note 12).

Analyses of the movements in the carrying amounts of the University's investments held by trustee banks are presented below.

	Note	**2012**	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Balance at beginning of year		**P 1,565,700,932**	P 1,202,638,312	P 1,073,109,957
Additions		**178,166,239**	346,671,193	464,552,265
Withdrawals/disposal		**(50,000,000)**	(113,912,058)	(414,986,880)
Interest income	16.1	**191,423,979**	117,510,202	62,571,971
Fair value gains		**62,898,653**	12,793,283	17,390,999
Balance at end of year		**P 1,948,189,803**	P 1,565,700,932	P 1,202,638,312

9. INVESTMENTS IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE

This account consists of the following as of March 31:

	Notes	**2012**	2011	2010
Investments in:				
Subsidiaries				
FRC		**P 64,419,299**	P 64,419,299	P 64,419,299
FECSI	12, 19.2	**51,000,000**	25,000,000	25,000,000
EACCI		**20,104,999**	20,104,999	20,104,999
Associate – JMCI		**7,878,121**	7,878,121	7,878,121
JV – ICF-CCE, Inc.		**6,250,000**	6,250,000	-
Allowance for impairment		**(2,338,930)**	(2,338,930)	(2,338,930)
		147,313,489	121,313,489	115,063,489
Advances to JV under registration		**-**	-	6,250,000
		P 147,313,489	P 121,313,489	P 121,313,489

In October 2011, the University subscribed to additional 260,000 shares from FECSI's unissued capital stock for a total consideration of P26.0 million. Out of the total consideration, P19.6 million was paid in cash and the balance of P6.4 million was settled through offsetting of advances (see Note 19.2).

As discussed in Note 1, in November 2009, the University entered into a JV Agreement with a co-venturer to establish and operate a culinary skills training center which shall provide courses of study in the culinary arts. The University and co-venturer invested P6.3 million each to ICF-CCE, Inc., the JVC. The JV registration was approved by the SEC on May 7, 2010 (see Note 1). As of March 31, 2010, pending approval by the SEC of the JVC's registration, the amount invested by the University is presented as Advances to JV under Registration in the Investments in Subsidiaries, Associate and Joint Venture account in the 2010 statement of financial position. The registration with the SEC was approved after March 31, 2010, accordingly, the investment was transferred to Investment in JV account in 2011.

The shares of stocks of the subsidiaries, associate, and the JV are not listed in the stock exchange; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amount of the investments, except for EACCI which has been provided with allowance for impairment amounting to P2.3 million, is fully recoverable. The University has major business plans for EACCI, which are expected to materialize within the next 12 months from the end of reporting period.

10. INVESTMENT PROPERTIES

This account consists of the land and building being leased out to EAEF (see Note 7).

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2012, 2011 and 2010 are shown below.

	Land	Building and Improvements	Total
March 31, 2012			
Cost	P 53,394,726	P 207,626,479	P 261,021,205
Accumulated depreciation	-	(97,309,715)	(97,309,715)
Net carrying amount	**P 53,394,726**	**P 110,316,764**	**P 163,711,490**
March 31, 2011			
Cost	P 53,394,726	P 207,626,479	P 261,021,205
Accumulated depreciation	-	(86,928,391)	(86,928,391)
Net carrying amount	P 53,394,726	P 120,698,088	P 174,092,814
March 31, 2010			
Cost	P 53,394,726	P 207,626,479	P 261,021,205
Accumulated depreciation	-	(76,547,067)	(76,547,067)
Net carrying amount	P 53,394,726	P 131,079,412	P 184,474,138

	Land	Building and Improvements	Total
April 1, 2009			
Cost	P 53,394,726	P 207,626,479	P 261,021,205
Accumulated depreciation	-	(66,165,743)	(66,165,743)
Net carrying amount	P 53,394,726	P 141,460,736	P 194,855,462

A reconciliation of the carrying amounts of investment properties at the beginning and end of 2012, 2011 and 2010 is shown below.

	Land	Building and Improvements	Total
Balance at April 1, 2011, net of accumulated depreciation	P 53,394,726	P 120,698,088	P 174,092,814
Depreciation charges for the year	-	(10,381,324)	(10,381,324)
Balance at March 31, 2012, net of accumulated depreciation	**P 53,394,726**	**P 110,316,764**	**P 163,711,490**
Balance at April 1, 2010, net of accumulated depreciation	P 53,394,726	P 131,079,412	P 184,474,138
Depreciation charges for the year	-	(10,381,324)	(10,381,324)
Balance at March 31, 2011, net of accumulated depreciation	P 53,394,726	P 120,698,088	P 174,092,814
Balance at April 1, 2009, net of accumulated depreciation	P 53,394,726	P 141,460,736	P 194,855,462
Depreciation charges for the year	-	(10,381,324)	(10,381,324)
Balance at March 31, 2010, net of accumulated depreciation	P 53,394,726	P 131,079,412	P 184,474,138

The total rental income earned from investment properties amounted to P63.6 million in 2012, P48.2 million in 2011 and P39.2 million in 2010 which are presented as Rental under Other Income (Charges) in the statements of comprehensive income (see also Notes 19.5 and 22.2). The direct operating expenses incurred by the University relating to the investment properties is presented as part of Depreciation and amortization under General Operating Expenses in the statements of comprehensive income (see Note 15).

Based on the discounted net future cash flows model, management determined that the total fair value of investment properties as of March 31, 2012 amounted to P242.2 million. The discounted net future cash flows model was computed based on the remaining useful life of the properties of 20 years.

11. PROPERTY AND EQUIPMENT

The restated gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2012, 2011 and 2010 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Total
March 31, 2012						
Cost	P 98,457,565	P 798,967,978	P 184,123,835	P 173,139,870	P 113,951,678	P 1,368,640,926
Accumulated depreciation and amortization	-	(188,883,829)	(133,131,208)	(30,809,379)	(82,891,462)	(435,715,878)
Net carrying amount	**P 98,457,565**	**P 610,084,149**	**P 50,992,627**	**P 142,330,491**	**P 31,060,216**	**P 932,925,048**
March 31, 2011						
Cost	P 98,457,565	P 752,447,430	P 163,424,285	P 80,720,540	P 94,573,099	P 1,189,622,919
Accumulated depreciation and amortization	-	(150,961,715)	(113,799,522)	(22,298,186)	(60,571,702)	(347,631,125)
Net carrying amount	P 98,457,565	P 601,485,715	P 49,624,763	P 58,422,354	P 34,001,397	P 841,991,794
March 31, 2010						
Cost	P 98,457,565	P 628,387,963	P 125,687,469	P 72,998,023	P 67,611,653	P 993,142,673
Accumulated depreciation and amortization	-	(115,382,431)	(99,793,380)	(18,647,599)	(37,110,313)	(270,933,723)
Net carrying amount	P 98,457,565	P 513,005,532	P 25,894,089	P 54,350,424	P 30,501,340	P 722,208,950
April 1, 2009						
Cost	P 98,457,565	P 513,765,632	P 114,826,750	P 65,423,403	P 36,717,287	P 829,190,637
Accumulated depreciation and amortization	-	(89,307,115)	(88,590,851)	(15,190,788)	(19,623,097)	(212,711,851)
Net carrying amount	P 98,457,565	P 424,458,517	P 26,235,899	P 50,232,615	P 17,094,190	P 616,478,786

A reconciliation of the restated carrying amounts of property and equipment at the beginning and end of 2012, 2011 and 2010 is shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Total
Balance at April 1, 2011, net of accumulated depreciation and amortization	P 98,457,565	P 601,485,715	P 49,624,763	P 58,422,354	P 34,001,397	P 841,991,794
Additions	-	46,520,548	20,699,550	92,419,330	19,378,579	179,018,007
Depreciation and amortization charges for the year	-	(37,922,114)	(19,331,686)	(8,511,193)	(22,319,760)	(88,084,753)
Balance at March 31, 2012, net of accumulated depreciation and amortization	**P 98,457,565**	**P 610,084,149**	**P 50,992,627**	**P 142,330,491**	**P 31,060,216**	**P 932,925,048**
Balance at April 1, 2010, net of accumulated depreciation and amortization	P 98,457,565	P 513,005,532	P 25,894,089	P 54,350,424	P 30,501,340	P 722,208,950
Additions (see Note 7)	-	124,059,468	37,736,816	7,722,517	26,961,446	196,480,247
Depreciation and amortization charges for the year	-	(35,579,285)	(14,006,142)	(3,650,587)	(23,461,389)	(76,697,403)
Balance at March 31, 2011, net of accumulated depreciation and amortization	P 98,457,565	P 601,485,715	P 49,624,763	P 58,422,354	P 34,001,397	P 841,991,794
Balance at April 1, 2009, net of accumulated depreciation and amortization	P 98,457,565	P 424,458,517	P 26,235,899	P 50,232,615	P 17,094,190	P 616,478,786
Additions	-	114,622,330	10,860,719	7,574,620	30,894,366	163,952,035
Depreciation and amortization charges for the year	-	(26,075,315)	(11,202,529)	(3,456,811)	(17,487,216)	(58,221,871)
Balance at March 31, 2010, net of accumulated depreciation and amortization	P 98,457,565	P 513,005,532	P 25,894,089	P 54,350,424	P 30,501,340	P 722,208,950

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	Notes	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Accounts payable		**P 47,945,272**	P 37,856,074	P 47,803,128
Accrued expenses	8, 19.3	**124,245,682**	85,563,653	89,586,908
Dividends payable	20.3	**80,054,907**	76,933,827	71,226,466
Deposits payable		**50,555,514**	53,092,459	52,442,739
Amounts due to students		**40,409,975**	37,036,856	37,573,353
Withholding and other taxes payable	24.1	**32,418,286**	36,059,145	36,131,410
Accrued salaries and employee benefits		**30,591,622**	30,190,791	29,614,032
Payable to FEU retirement plan		**5,679,291**	9,843,054	32,313,215
Cross currency swap payable	8	**1,145,972**	-	-
Subscriptions payable	9	**-**	-	18,750,000
Other current liabilities		**1,355,952**	1,355,952	1,340,235
		P 414,402,473	P 367,931,811	P 416,781,486

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

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

Amounts due to students represent excess payment of tuition and miscellaneous fees refundable on demand by the students.

Subscription payable, which have been fully paid in 2011, represents the unpaid portion of the subscription to FECSI's shares of stock which is presented as part of the Investment in Subsidiaries, Associate and Joint Venture account in the statements of financial position (see Note 9).

13. TRUST FUNDS

The trust funds that the University sets aside for student national service and training program and other specific educational purposes amounted to P26.6 million, P22.4 million and P14.7 million in 2012, 2011 and 2010, respectively. At the end of each year, management has assessed that the entire amount of trust funds have been fully disbursed and utilized for their intended purposes. Hence, there are no outstanding undisbursed trust funds as of March 31, 2012, 2011 and 2010.

14. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the statements of comprehensive income are as follows:

	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Tuition fees	**P 2,127,044,316**	P 2,031,453,596	P 1,889,840,812
Less discounts:			
Scholarships	**97,852,675**	70,485,213	61,000,082
Family	**12,446,803**	11,014,374	9,277,458
Cash	**10,475,320**	9,266,417	10,294,190
	120,774,798	90,766,004	80,571,730
	2,006,269,518	1,940,687,592	1,809,269,082
Other school fees:			
Entrance fees	**14,265,110**	13,628,854	12,879,474
Identification cards	**9,258,802**	8,510,075	9,903,306
Transcript fees	**7,072,540**	7,119,546	7,346,660
Diplomas	**2,435,969**	2,677,978	2,910,208
Miscellaneous	**2,513,234**	2,306,148	2,218,017
	35,545,655	34,242,601	35,257,665
	P 2,041,815,173	P 1,974,930,193	P 1,844,526,747

Towards the end of every year, the University usually collects tuition fees from students for summer classes which start after the reporting period. Such collections amounting to P31.9 million and P43.9 million as of March 31, 2012 and 2011, respectively, are excluded from tuition fees earned for the year and presented as part of Unearned Tuition Fees in the statements of financial position. These are recognized as revenue in the following year. There are no unearned tuition fees as of March 31, 2010 due to the timing of the summer classes.

15. OPERATING EXPENSES

Operating expenses consists of:

	Notes	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Instructional and Academic				
Salaries and allowances	19.6	**P 584,179,813**	P 557,553,771	P 519,662,398
Employees benefits	17, 19.6	**151,563,151**	168,825,338	165,028,563
Related learning experience		**9,765,742**	24,681,628	31,738,871
Affiliation		**8,026,841**	11,984,580	17,153,509
Others		**166,221,429**	133,145,286	101,143,195
		919,756,976	896,190,603	834,726,536
Administrative				
Salaries and allowances		**100,234,367**	98,061,322	92,596,727
Rental	19.3, 19.4	**74,936,745**	58,160,909	55,008,187
Employees benefits	17	**34,524,535**	40,997,811	44,727,498
Directors' bonus		**13,500,000**	13,500,000	12,010,000
Others		**28,308,989**	14,853,906	18,956,023
		251,504,636	225,573,948	223,298,435
Maintenance and University Operations				
Utilities		**93,702,715**	84,668,090	70,065,288
Repairs and maintenance		**26,331,762**	55,633,186	35,466,138
Salaries and allowances		**26,139,193**	23,177,313	21,722,461
Janitorial services		**17,598,428**	16,319,602	14,601,614
Employee benefits	17	**10,200,571**	10,387,002	11,198,934
Property insurance		**2,877,744**	1,779,301	1,485,816
		176,850,413	191,964,494	154,540,251
General				
Depreciation and amortization	10, 11	**98,466,077**	87,078,727	68,603,195
Security services		**22,827,715**	24,141,557	15,782,208
Professional fees		**10,802,825**	11,776,634	8,608,080
Publicity and promotions		**7,908,899**	7,154,574	9,017,636
Taxes and licenses	24.1f	**3,855,197**	1,171,561	654,492
Donation and charitable contributions		**734,655**	685,924	1,803,543
Others		**9,263,617**	6,173,712	5,746,917
		153,858,988	138,182,689	110,216,071
		P 1,501,971,010	P 1,451,911,734	P 1,322,781,293

16. FINANCE INCOME AND FINANCE COSTS

16.1 Finance Income

This account consists of the following:

	Notes	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Interest income from:				
AFS investments	8	**P 191,423,979**	P 117,510,202	P 62,571,971
Due from a related party	19.1	**17,059,143**	9,583,994	5,698,023
Cash and cash equivalents	6	**12,799,090**	22,253,393	41,295,682
Loans receivable	7	**3,609,204**	12,994,323	2,192,416
HTM investments		**-**	-	1,650,000
		224,891,416	162,341,912	113,408,092
Fair value gain from financial assets at FVTPL	8	**-**	8,456,381	-
		P 224,891,416	P 170,798,293	P 113,408,092

16.2 Finance Costs

This account is broken down into the following:

	Notes	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Impairment loss on receivables	7	**P 46,700,571**	P 32,509,082	P 22,035,435
Foreign exchange losses – net	19.1	**12,605,534**	6,211,593	3,482,984
Fair value loss on FVTPL	8	**9,602,353**	-	-
Interest expense	8	**5,559,202**	3,416,389	-
		P 74,467,660	P 42,137,064	P 25,518,419

17. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

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

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

Contributions to this fund are in accordance with the defined contribution established by the Retirement Board which is the sum of the employees' and the University's contributions. Employees' contribution is 5% of basic salary while the University's contribution is equivalent to 20% of the employees' basic salary. Retirement expense presented as part of Employee benefits under Operating Expenses in the statements of comprehensive income amounted to P19.9 million in 2012, P69.8 million in 2011 and P86.6 million in 2010 (see Note 15).

As a policy of FEU, any contributions made by the University in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay can be utilized as employer contributions in the succeeding years. As there were forfeited contributions made by the Group in previous years which were used for contributions in 2012, the amount of retirement expense in 2012 amounted only to P19.9 million.

The Fund's statements of financial position as of December 31, 2011, 2010 and 2009 showed the following:

	2011	2010	2009
Assets			
Cash on hand and in banks	**P 318,781,015**	P 24,083,864	P 9,997,093
Short-term placements	**489,757,180**	758,247,882	715,250,000
Receivables	**46,783,591**	62,940,415	52,926,997
Others	**92,066**	114,396	136,263
	855,413,852	845,386,557	778,310,353
Liabilities	**(15,612,477)**	(67,028,640)	(55,569,843)
Net Assets	**P 839,801,375**	P 778,357,917	P 722,740,510

18. INCOME TAXES

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

The major components of tax expense reported in the statements of comprehensive income are as follows:

	2012	2011	2010
Current tax expense:			
Special rate at 10%	**P 64,470,590**	P 59,431,631	P 56,990,568
Final tax at 20%	**34,789,200**	27,360,130	21,103,483
	99,259,790	86,791,761	78,094,051
Deferred tax income relating to origination and reversal of temporary differences	**(2,174,344)**	(160,096)	(1,388,091)
	P 97,085,446	P 86,631,665	P 76,705,960

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

	2012	2011	2010
Tax on pretax profit at 10%	**P 81,009,684**	P 72,419,866	P 67,112,736
Adjustments for income subjected to higher tax rates	**17,394,600**	13,680,065	10,551,742
Others	**(1,318,838)**	531,734	(958,518)
Tax expense reported in profit or loss	**P 97,085,446**	P 86,631,665	P 76,705,960

The net deferred tax assets relate to the following as of March 31:

	Statement of Financial Position			**Profit or Loss**		
	2012	2011	2010	**2012**	2011	2010
Deferred tax assets:						
Accrued rent expense	**P 4,825,238**	P 5,275,564	P 5,168,876	**P 450,325**	(P 106,688)	(P 577,874)
Allowance for impairment on receivables	**3,224,387**	2,442,894	1,572,771	**(781,493)**	(870,123)	(158,145)
Unrealized foreign currency loss	**1,260,163**	-	-	**-**	-	-
Unrealized fair value loss	**114,597**	377,222	348,299	**(960,235)**	(28,923)	(348,299)
Deferred tax liability –						
Unrealized foreign currency gains	**-**	(845,638)	-	**(882,941)**	845,638	(303,773)
Deferred tax income – net				**(P 2,174,344)**	(P 160,096)	(P 1,388,091)
Deferred tax assets – net	**P 9,424,385**	P 7,250,042	P 7,089,946			

As allowed under the prevailing tax regulations, the University has the option to claim either the optional standard deduction of 40% of gross sales or itemized deductions. In 2012, 2011 and 2010, the University opted to claim itemized deductions for income tax purposes.

19. RELATED PARTY TRANSACTIONS

The University's related parties include its subsidiaries, the University's key management and others as described below. The following are the University's significant transactions with such related parties:

19.1 Interest-bearing Advances

Prior to fiscal year 2010, the University has outstanding initial cash advances to FRC with an aggregate principal amount of P100.0 million and with interest due quarterly of 2.50%. In 2010, additional advances amounting to P118.8 million were granted by the University to FRC for the construction of school building and campus for FECSI. Interest rate charged on these advances is fixed at 2.50% per annum based on the usual interest rate on the University's placements. In fiscal year 2011, additional advances of P310.6 million were made by the University to FRC, of which, P250.0 million bears interest at 4.25% per annum. The current portion of these outstanding advances to FRC amounted to P350.5 million and P134.9 million as of March 31, 2012 and 2011 and is presented as part of Receivable from FRC under the Receivables account in the statements of financial position. There is no current portion of the advances as of March 31, 2010. These interest-bearing advances are unsecured.

Total interest income earned from the advances amounted to P17.1 million in 2012, P9.6 million in 2011 and P5.7 million in 2010 which were presented as part of Finance Income in the statements of comprehensive income (see Note 16.1). The related outstanding interest receivables are shown as Accrued interest under the Receivables account in the statements of financial position (see Note 7).

The movement in the outstanding balance of the advances to FRC which is presented as part of Due from a Related Party in the statements of financial position is shown below (see Note 4.2).

	Note	**2012**	2011	2010
Balance at beginning of year		**P 529,184,656**	P 218,774,500	P 100,000,000
Repayments		**(64,028,118)**	-	-
Advances during the year		**-**	310,410,156	118,774,500
Balance at end of year		**465,156,538**	529,184,656	218,774,500
Current portion	7	**(350,545,925)**	(134,695,452)	-
Non-current portion		**P 114,610,613**	P 394,489,204	P 218,774,500

19.2 Noninterest-bearing Advances

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

Summarized below are the outstanding receivables, shown as part of receivable from related parties under the Receivables account in the statements of financial position, arising from these transactions (see Note 7).

	Beginning	Advances	Repayments	Offsetting	Ending
2012					
EAEF	P 10,649,397	P 5,643,914	(P 1,992,619)	P -	**P 14,300,692**
FERN College	1,945,891	79,027	-	-	**2,024,918**
FRC	207,738	134,358	(207,738)	-	**134,358**
FECSI	5,536,612	44,799,370	(43,937,652)	(6,395,363)	**2,966**
	P 18,339,638	P 50,656,668	(P 46,138,009)	(P 6,395,363)	**P 16,462,934**
2011					
EAEF	P 8,457,055	P 2,346,965	(P 154,623)	P -	P 10,649,397
FECSI	7,186,208	17,194,434	(18,844,030)	-	5,536,612
FERN College	1,900,648	52,500	(7,257)	-	1,945,891
FRC	288,906	207,738	(288,906)	-	207,738
	P 17,832,817	P 19,801,637	(P 19,294,816)	P -	P 18,339,638
2010					
EAEF	P 2,575,820	P 8,285,252	(P 2,404,017)	P -	P 8,457,055
FECSI	1,866,708	8,496,706	(3,177,206)	-	7,186,208
FERN College	1,806,055	94,593	-	-	1,900,648
FRC	163,524	125,382	-	-	288,906
	P 6,412,107	P 17,001,933	(P 5,581,223)	P -	P 17,832,817

As discussed in Note 9, the University acquired additional shares of stock of FECSI and settled P6.4 million of which through offsetting of advances.

19.3 Lease of Manila Campus Premises from FRC

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

Total rental expense arising from these leases charged to operations amounting to P50.1 million in 2012, P55.6 million in 2011 and P55.0 million in 2010 is presented as part of Administrative expenses (see Note 15) while outstanding payables as of March 31, 2012, 2011 and 2010 amounted to P48.3 million, P51.6 million and P45.8 million, respectively, and is presented as part of Accrued Expenses under Accounts Payable and Other Liabilities in the statements of financial position (see Note 12).

19.4 Lease of Makati Campus Premises from FRC

As discussed in Notes 7 and 22.1(b), upon FRC's acquisition of the parcel of land previously owned by Crans Montana Property, where the building occupied by FEU Makati Campus is located, FEU and FRC agreed to the lease of the land for a period of 30 years from December 1, 2010 to May 31, 2041. The lease period is renewable subject to conditions mutually agreed upon by both parties. Total rental expense charged to operations amounted to P7.7 million in 2012 and P2.6 million in 2011 and is presented as part of Rental under the Administrative expenses (see Note 15). There are no outstanding rental payable as of March 31, 2012 and 2011 arising from this lease transaction.

19.5 Lease of Certain Building Floor to FRC

The University leases to FRC the mezzanine floor of one of the University's building for a period of 10 years from September 1, 2007 to August 31, 2017, renewable upon mutual consent of both parties. This location is further subleased by FRC to a third party concessionaire who operates the University's cafeteria. Based on the lease contract, the University provides discounts on the monthly rental during the lean season of the school year. Rent income from FRC amounted to P1.3 million in 2012, P1.2 million in 2011 and P0.8 million in 2010 which are shown as part of Rental under Other Income (Charges) in the statements of comprehensive income (see Note 10). There are no outstanding receivables as of the end of each year related to this lease agreement.

19.6 Lease of Certain Buildings to EAEF

The University leases out certain buildings to EAEF for a period of one to five years until May 31, 2015. Total rental income from EAEF, is presented as part of Rental account in the consolidated statements of comprehensive income, amounted to P50.2 million in 2012, P36.3 million in 2011 and P32.8 million in 2010. Outstanding receivables arising from this transaction is presented as part of Receivable from EAEF under the Receivables account in the statements of financial position (see Note 7).

19.7 Management Services

The University provides management services to EAEF which agreed to pay management fee computed at a certain percentage of their gross revenue subject to certain conditions. Management fees earned amounted to P47.9 million in 2012, P18.3 million in 2011 and P14.1 million in 2010, which is presented as Management Fees account in the statements of comprehensive income. Outstanding receivables arising from this transaction amounted to P47.8 million, P18.3 million and P13.9 million as of March 31, 2012, 2011 and 2010, respectively, and is presented as part of Receivable from EAEF under the Receivables account in the statements of financial position (see Note 7).

19.8 Key Management Personnel Compensation

Total remunerations of the University's key management personnel presented as part of Salaries and allowances and Employees benefits under the Instructional and Academic expenses (see Note 15) is as follows:

	2012	2011	2010
Short-term benefits	**P 119,211,482**	P 116,142,820	P 116,432,220
Post-employment benefits	**19,501,095**	18,958,287	18,247,691
	P 138,712,577	P 135,101,107	P 134,679,911

20. EQUITY

20.1 Capital Stock

	Shares			Amount		
	2012	2011	2010	**2012**	2011	2010
Common shares – P100 par value						
Authorized	**20,000,000**	10,000,000	10,000,000			
Issued and outstanding:						
Balance at beginning of year	**9,845,779**	9,845,779	9,845,779	**P 984,577,900**	P 984,577,900	P 984,577,900
Issued during the year	**3,922,855**	-	-	**392,285,500**	-	-
Balance at end of year	**13,768,634**	9,845,779	9,845,779	**1,376,863,400**	984,577,900	984,577,900
Treasury stock – at cost	**(37,331)**	(37,331)	(37,331)	**(3,733,100)**	(3,733,100)	(3,733,100)
Total outstanding	**13,731,303**	9,808,448	9,808,448	**P 1,373,130,300**	P 980,844,800	P 980,844,800

On July 19, 2011, the University's BOT approved the increase in authorized capital stock from P1.0 billion divided into 10.0 million shares with a par value of P100 per share to P2.0 billion divided into 20.0 million shares with a par value of P100 per share. Also on the same date, the University's BOT approved the declaration of 40% stock dividends (see Note 20.3).

The increase in authorized capital stock and declaration of stock dividends were ratified by the stockholders representing at least 2/3 of FEU's total outstanding shares during the University's annual stockholders' meeting on August 27, 2011 and was subsequently approved by the SEC on November 2, 2011.

On July 11, 1986, the SEC approved the listing of the University's shares totaling 199,272,368. The shares were initially issued at an offer price of P100 per share. As of March 31, 2012, there are 4,785,564 holders of the listed shares apart from the University and its related parties, equivalent to 34.85% of the total outstanding shares. Such listed shares closed at P960 per share as of March 31, 2012.

20.2 Prior Period Adjustments and Reclassification

a. Prior period Adjustments

In 2012, the University restated its prior years' financial statements to record the retrospective change in revenue recognition arising from the change in accounting policy for trust funds. The adjustments made to retained earnings as of April 1, 2011, 2010 and 2009 amounted to P19.8 million, P24.7 million, and P15.5 million, respectively.

In years prior to 2012, the University recorded collections on certain assessed tuition fees under the caption Trust Funds (liability account). As discussed in Note 13, these funds were set aside for specific educational purposes and were considered specifically allocated to identified and defined institutional activities. The amount of collected trust funds were directly reduced by the amount of disbursement for expenses or capital assets. The expenses incurred or capital assets purchased during a certain period were not recorded in the corresponding University's operating expenses for the period or asset acquisition for that year instead were directly made as a reduction of the trust funds liability account. Any undisbursed fund at the end of the year were recognized as revenues as determined by management when no continuing obligation restricts such fund for future use. Such accounting policy was established as the University believes such funds were restricted and were spent for specific educational purposes only.

In 2012, management has decided to change the accounting policy based on current prevailing industry practice, wherein tuition and all other school fees assessed from students are recognized as revenues over the corresponding school term. As a result of this change, the University recognized the amount of capital expenditures and expenses incurred that were not previously reflected in the books of FEU.

The effect on Unappropriated Retained Earnings account as of April 1, 2011, 2010 and 2009 are as follows:

	2011	2010	2009
As previously reported	P 703,282,399	P 533,739,030	P 942,811,185
To add back remaining net book value of previous direct disbursements from trust funds upon restatement at the beginning of the period as capital assets	19,843,899	24,707,794	15,467,685
As restated	P 723,126,298	P 558,446,824	P 958,278,870

The University sets aside an amount of cash and cash equivalents equal to the outstanding balance of trust funds at the end of each year, presented as part of Other Current Assets in the statements of financial position. Corollary to the change in accounting policy, the restricted cash and cash equivalents were reclassified to Cash and Cash Equivalents account in the 2011 and 2010 statements of financial position as the restated balances of trust funds as of March 31, 2011 and 2010 are nil.

b. Reclassifications

As discussed in Note 2.1, in 2012, the University reclassified certain statements of financial position accounts in 2011 to conform with the 2012 financial statements presentation. The summary of accounts and net balances that were reclassified to AFS Investments account follows:

Cash equivalents	(P	44,390,336)
Loans receivables	(	16,331,155)
Other receivables	(	9,250,771)
Accrued interest	(	8,148,207)
Withholding and other taxes payable		21,712,595
Accrued expenses		1,260,081
	P	**55,147,793**

The restatements of financial position items as of March 31, 2011 and 2010 to reflect the prior period adjustment and the reclassifications as described in the foregoing resulted in the following:

	Notes	As Previously Reported	Effects of Prior Period Adjustments and Reclassifications	As Restated
April 1, 2011				
Changes in assets:				
Cash and cash equivalents	6	P 381,502,288	(P 38,995,698)	P 342,506,590
Receivables – net	7	591,894,556	(33,730,132)	558,164,424
Available-for-sale investments	8	1,199,037,565	55,147,794	1,254,185,359
Other current assets		34,192,940	(5,394,648)	28,798,292
Property and equipment – net	11	822,147,895	19,843,899	841,991,794
		3,028,775,244	(3,128,785)	3,025,646,459
Changes in liabilities:				
Accounts payable and other liabilities	12	394,259,497	(26,327,686)	367,931,811
Trust funds	13	5,394,693	(5,394,693)	-
Unearned tuition fees	14	43,944,871	8,749,705	52,694,576
		443,599,061	(22,972,674)	420,626,387
		P 2,585,176,163		P 2,605,020,072
Total adjustments on Retained Earnings			**P 19,843,899**	

	Notes	As Previously Reported	Effects of Prior Period Adjustments	As Restated
April 1, 2010				
Changes in assets:				
Cash and cash equivalents	6	P 427,163,215	P 43,970,750	P 471,133,965
Other current assets		134,823,633	(43,970,750)	90,852,883
Property and equipment – net	11	697,501,156	24,707,794	722,208,950
		3,162,046,650	24,707,794	3,186,754,444
Changes in liabilities:				
Accounts payable and other liabilities	12	429,074,304	(12,292,818)	416,781,486
Trust funds	13	43,970,750	(43,970,750)	-
Unearned tuition fees	14	-	56,263,568	56,263,568
		473,045,054	-	473,045,054
		P 2,689,001,596		P 2,713,709,390
Total adjustments on Retained Earnings			**P 24,707,794**	

The restatements of profit or loss accounts arising from the change in accounting policy on trust funds for the years ended March 31, 2011 and 2010 are as follows:

	Notes	As Previously Reported	Effects of Prior Period Adjustments	As Restated
2011				
Educational revenues	14	P 1,784,889,258	P 190,040,935	P 1,974,930,193
Operating expenses	15	1,257,006,904	194,904,830	1,451,911,734
Operating income		527,882,354	(4,863,895)	523,018,459
Other income – net		201,180,203	-	201,180,203
Profit before tax		729,062,557	(4,863,895)	724,198,662
Tax expense	18	86,631,665	-	86,631,665
Net profit		P 642,430,892	(P 4,863,895)	P 637,566,997
2010				
Educational revenues	14	P 1,701,048,032	P 143,478,715	P 1,844,526,747
Operating expenses	15	1,188,542,687	134,238,606	1,322,781,293
Operating income		512,505,345	9,240,109	521,745,454
Other income – net		149,381,901	-	149,381,901
Profit before tax		661,887,246	9,240,109	671,127,355
Tax expense	18	76,705,960	-	76,705,960
Net profit		P 585,181,286	P 9,240,109	P 594,421,395

The restatements on cash flows arising from the change in accounting policy on trust funds for the years ended March 31, 2011 and 2010 are as follows:

	Notes	As Previously Reported	Effects of Prior Period Adjustments	As Restated
2011				
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 729,062,557	(P 4,863,895)	P 724,198,662
Adjustments for:				
Interest income	16.1	(162,341,912)	-	(162,341,912)
Depreciation and amortization	11, 15	63,394,447	23,684,280	87,078,727
Fair value gain on financial assets at FVTPL	8	(8,456,381)	-	(8,456,381)
Unrealized foreign exchange losses	16.2	2,967,193	805,032	3,772,225
Operating profit before working capital changes		624,625,904	19,625,417	644,251,321
Increase in receivables		(54,940,104)	33,730,132	(21,209,972)
Decrease in other assets		99,466,114	(38,576,111)	60,890,003
Increase in accounts payable and other liabilities		42,119,020	(14,034,868)	28,084,152
Decrease in trust funds		(38,576,057)	38,576,057	-
Decrease in unearned tuition fees		43,944,872	(47,513,864)	(3,568,992)
Cash generated from operations		716,639,749	(8,193,237)	708,446,512
Income taxes paid		(84,957,901)	-	(84,957,901)
Net Cash From Operating Activities		631,681,848	(8,193,237)	623,488,611
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in AFS investments	8	(295,121,543)	(58,392,194)	(353,513,737)
Decrease in loans receivable	7	312,968,845	-	312,968,845
Increase in due from a related party	19	(310,410,156)	-	(310,410,156)
Acquisitions of property and equipment	11	(177,659,862)	(18,820,385)	(196,480,247)
Interest received		147,034,401	-	147,034,401
Decrease in HTM investments		20,000,000	-	20,000,000
Net Cash Used in Investing Activities		(303,188,315)	(77,212,579)	(380,400,894)
CASH FLOWS FROM FINANCING ACTIVITY				
Dividends paid	20.3	(371,187,267)	-	(371,187,267)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(2,967,193)	2,439,368	(527,825)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(45,660,927)	(82,966,448)	(128,627,375)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		427,163,215	43,970,750	471,133,965
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 381,502,288	(P 38,995,698)	P 342,506,590

	Notes	As Previously Reported	Effects of Prior Period Adjustments	As Restated
2010				
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 661,887,245	P 9,240,110	P 671,127,355
Adjustments for:				
Interest income	16.1	(113,408,092)	-	(113,408,092)
Depreciation and amortization	10, 11, 15	51,192,376	17,410,819	68,603,195
Unrealized foreign exchange losses	16.2	3,482,984	-	3,482,984
Operating profit before working capital changes		603,154,513	26,650,929	629,805,442
Increase in receivables		(86,959,370)	-	(86,959,370)
Decrease in other assets		(36,297,565)	43,970,749	7,673,184
Increase in accounts payable and other liabilities		101,013,918	(70,783,460)	30,230,458
Decrease in trust funds		(14,519,892)	14,519,892	-
Decrease in unearned tuition fees		(75,499,149)	56,263,568	(19,235,581)
Cash generated from operations		490,892,455	70,621,678	561,514,133
Income taxes paid		(75,832,382)	-	(75,832,382)
Net Cash From Operating Activities		415,060,073	70,621,678	485,681,751
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in loans receivable	7	(477,000,000)	-	(477,000,000)
Acquisitions of property and equipment	11	(137,301,107)	(26,650,928)	(163,952,035)
Increase in due from a related party	19	(118,774,500)	-	(118,774,500)
Increase in AFS investments	8	(112,137,356)	-	(112,137,356)
Interest received		110,757,785	-	110,757,785
Additional investment in subsidiaries, associate and JV	9	(6,250,000)	-	(6,250,000)
Net Cash Used in Investing Activities		(740,705,178)	(26,650,928)	(767,356,106)
CASH FLOWS FROM FINANCING ACTIVITY				
Dividends paid	20	(365,479,906)	-	(365,479,906)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(3,482,984)	-	(3,482,984)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(694,607,995)	43,970,750	(650,637,245)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,121,771,210	-	1,121,771,210
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 427,163,215	P 43,970,750	P 471,133,965

20.3 Retained Earnings

Significant transactions affecting Retained Earnings, which is also legally restricted at an amount equivalent to the cost of the University's treasury shares of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

Appropriated Retained Earnings consist of appropriations for:

	Note	**2012**	2011	2010
Property and investment acquisition		**P 1,320,000,000**	P 1,200,000,000	P 1,000,000,000
Expansion of facilities		**240,000,000**	395,000,000	599,333,335
General retirement		**65,000,000**	65,000,000	57,000,000
Contingencies	22.3, 22.4	**50,000,000**	50,000,000	15,032,582
Purchase of equipment and improvements		**39,770,000**	140,000,000	-
Treasury shares		**3,733,100**	3,733,100	3,733,100
		P 1,718,503,100	P 1,853,733,100	P 1,675,099,017

The changes in the appropriated retained earnings are shown below.

	2012	2011	2010
Balance at beginning of year	**P 1,853,733,100**	P 1,675,099,017	P 975,099,017
Reversal of appropriations	**(1,735,000,000)**	(379,333,335)	(300,000,000)
Appropriations during the year	**1,599,770,000**	557,967,418	1,000,000,000
Balance at end of year	**P 1,718,503,100**	P 1,853,733,100	P 1,675,099,017

In 2010, the University appropriated P1.0 billion for property and investment acquisition and reversed P300.0 million relating to expansion of facilities. In 2011, the University reversed the appropriation for expansion of facilities and purchase of equipment amounting to P379.3 million and appropriated an amount of P557.9 million for expansion and acquisition of facilities and contingencies.

In 2012, the University appropriated for property and investment acquisition, expansion of facilities and purchase of equipment and improvements amounting to P1.3 billion, P240.0 million and P39.8 million, respectively, which management expects to utilize within one year from the end of the reporting period. Also in 2012, the University reversed the previous appropriation for property and investment acquisition, expansion of facilities and purchase of equipment amounting to P1.7 billion as the planned investment and acquisition of property, expansion of facilities and purchase of equipment transpired in 2012.

(b) Dividend Declaration

The BOT approved the following dividend declarations in 2012, 2011 and 2010:

	Date of Declaration	Date of Record	Date of Payment/Issuance		Amount
2012					
Cash dividend of P15 per share	June 21, 2011	July 6, 2011	July 20, 2011	P	147,126,770
40% stock dividend equivalent to 3,922,855 shares	July 19, 2011	November 22, 2011	December 19, 2011		392,285,500
524 fractional shares paid out in cash at P100 per share					52,370
Cash dividend of P12 per share	January 17, 2012	February 15, 2012	February 15, 2012		164,775,636
				P	**704,240,276**
2011					
Cash dividend of P15 per share	July 6, 2010	July 20, 2010	July 30, 2010	P	147,126,720
Cash dividend of P15 per share	December 14, 2010	January 3, 2011	January 17, 2011		147,126,720
				P	294,253,440
2010					
Cash dividend of P15 per share	June 19, 2009	July 6, 2009	July 20, 2009	P	147,126,720
Cash dividend of P15 per share	December 15, 2009	January 8, 2010	January 25, 2010		147,126,720
				P	294,253,440

Unpaid dividends as of March 31, 2012, 2011 and 2010 are presented as dividends payable under Accounts Payable and Other Liabilities in the statements of financial position (see Note 12).

21. EARNINGS PER SHARE

Earnings per share amounts were computed as follows:

		2012		2011 (As restated – see Note 20.2)		2010 (As restated – see Note 20.2)
Net profit	**P**	**713,011,392**	P	637,566,997	P	594,421,395
Divided by weighted average number of outstanding shares, net of treasury stock of 37,331 shares		**13,731,303**		13,731,303 *		13,731,303 *
Basic and diluted EPS	**P**	**51.93**	P	46.43	P	43.29

** Restated after giving retroactive effect on the stock dividends declared on December 16, 2011.*

The weighted average number of shares outstanding as of March 31, 2012, 2011 and 2010 is computed as follows:

	Number of Shares	Months Outstanding	Weighted Number of Shares
Balance at beginning of year	9,808,448	12	117,701,376
Stock dividends	3,922,855	12	47,074,260
Balance at end of year	13,731,303		164,775,636
Divided by total months in 2012			12
Weighted average number of shares outstanding			13,731,303

As required by PAS 33, *Earnings per Share*, paragraph 28, retrospective adjustment to the earliest period presented was made on earnings per share after considering as if the stock dividends declared on December 19, 2011 occurred at the beginning of 2010. This adjustment was made to present comparative information but the amount of weighted average number of shares is not the actual amount and number of shares outstanding as of March 31, 2011 and 2010 (see Note 20.1).

The University has no dilutive potential common shares as of March 31, 2012, 2011 and 2010, hence the diluted EPS is same as basic EPS in all the years presented.

22. COMMITMENTS AND CONTINGENCIES

22.1 Operating Lease Commitments – University as Lessee

(a) Lease Agreement with FRC

The University is a lessee under operating leases covering certain buildings for a period of 10 years from July 1, 2005 to June 30, 2015. As discussed in Note 19.3, in July 2011, FEU and FRC agreed to amend the existing lease contract changing the annual rental rate from P24.5 million subject to 10% escalation rate to an annual rate that is to be determined at the beginning of each year. The future minimum rentals payable under these non-cancellable operating leases are as follows as of March 31:

	2012	2011	2010
Within one year	**P 57,678,143**	P 47,644,090	P 43,312,809
After one year but not more than five years	**64,372,928**	115,822,783	221,116,303
More than five years	**-**	-	16,222,259
	P 122,051,071	P 163,466,873	P 280,651,371

(b) Lease Agreement with Crans Montana/FRC

The University also entered into a contract of lease with Crans Montana for the land where building occupied by FEU Makati is located commencing on November 18, 2009 until November 17, 2010. In 2010, the parties amended the contract extending the lease term for a period of 10 years. However, as discussed in Notes 7 and 19.4, FRC acquired the land in 2011 and entered into a new lease contract with FEU for the lease of the land as the University's new lessor.

The future minimum rentals payable under this non-cancellable operating lease are as follow as of March 31, 2012, 2011 and 2010:

	2012	2011	2010
Within one year	**P 7,869,600**	P 7,869,600	P 7,869,600
After one year but not more than five years	**31,478,400**	23,608,800	23,608,800
More than five years	**186,903,000**	196,740,000	196,740,000
	P 226,251,000	P 228,218,400	P 228,218,400

22.2 Operating Lease Commitments – University as Lessor

The University leases out certain buildings to EAEF and ICF-CCE, Inc. for a period of one year, subject to annual renewal, and the mezzanine floor to FRC for a period of one to ten years until August 31, 2017 (see Notes 10 and 19).

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Within one year	**P 51,163,348**	P 35,656,350	P 28,666,776
After one year but not more than five years	**3,840,000**	142,625,400	114,667,104
More than five years	**1,360,000**	14,856,813	57,333,552
	P 56,363,348	P 193,138,563	P 200,667,432

22.3 Legal Claims

The University is a respondent in a civil case for collection of sum of money and damages filed by a certain construction company. The claims arose from the construction of the University's school buildings. The regional trial court dismissed the complaint against the University for lack of merit in its decision dated August 26, 2010. The plaintiff filed a Notice of Appeal to the Court of Appeals (CA) and is now being raffled to a division of the CA.

As of March 31, 2010, the University is a defendant in certain civil cases which are pending in the local courts, certain illegal dismissal cases pending before the National Labor Relations Commission, and a class suit for damages by certain students which is pending before the Court of Appeals. In 2011, the University was granted with a favorable decision on these legal cases.

The University's management and its legal counsel believe that liabilities, if any, which may result from the outcome of these cases, will not materially affect the financial position and results of operations of the University. However, the University has appropriated portion of its retained earnings for the occurrence of these type of contingencies (see Note 20.3).

22.4 Others

There are other contingencies that arise in the normal course of business that are not recognized in the University's financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements, however, the University opted to generally appropriate portion of its retained earnings to cover for such contingencies (see Note 20.3).

23. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Capital for the reporting period March 31, 2012, 2011 and 2010 under review is summarized as follows:

	2012	2011 (As restated – see Note 20.2)	2010 (As restated – see Note 20.2)
Total debt	**P 488,307,015**	P 468,338,714	P 518,923,521
Total equity	**4,042,310,313**	3,578,355,044	3,222,248,204
Debt-to-equity ratio	**0.12 : 1.00**	0.13 : 1.00	0.16 : 1.00

The University is not subject to any externally-imposed capital requirements.

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

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

24.1 Requirements Under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 issued on November 25, 2010 are as follows:

a. Output VAT

In fiscal year 2012, the University declared output VAT as follows:

	Tax Base	Output VAT
Rental	P 57,036,513	P 6,844,382
Management fee	18,388,709	2,206,645
	P 75,425,222	P 9,051,027

The outstanding output VAT payable amounting to P568,130 as of March 31, 2012 is presented as part of Withholding and other taxes payable under the Accounts Payables and Other Liabilities account in the 2012 statement of financial position (see Note 12).

Pursuant to Section 109, *VAT Exempt Transactions*, of the National Internal Revenue Code of 1997, the University's receipts from tuition and other fees related to educational services amounting to P1,989,916,373 are VAT exempt.

b. Input VAT

Pursuant to Section 109, the University's receipts from tuition and other school fees are VAT exempt. In addition, pursuant to such section, the University is not allowed any tax credit of input VAT on its purchases. Accordingly, the University directly records the input VAT as part of the asset and expenses from which such may arose.

c. Taxes on Importation

The University did not have any importation in fiscal year 2012.

d. Excise Tax

The University did not have any transactions in fiscal year 2012 which are subject to excise tax.

e. *Documentary Stamp Tax*

In fiscal year 2012, the University paid and accrued documentary stamp tax (DST) for the following transactions:

Stock dividends	P 1,961,690
Transcript of records	830,000
Addition acquisition of FECSI shares	125,000
Lease contracts	103,900
Miscellaneous	8,332
	P 3,028,922

Documentary stamp tax is shown as part of Taxes and Licenses account.

f. *Taxes and Licenses*

The details of taxes and licenses in fiscal year 2012 are as follows:

DST	P 3,028,922
Business tax and permits	542,005
Community tax	10,500
VAT registration fees	500
Miscellaneous	273,270
	P 3,855,197

Taxes and licenses are presented as part of General Operating Expenses in the 2012 statement of comprehensive income.

g. *Withholding Taxes*

The details of total withholding taxes for the year ended March 31, 2012 are shown below.

Compensation and employee benefits	P 172,995,026
Expanded	16,814,369
Final	4,932,946
	P 194,742,341

h. *Deficiency Tax Assessments and Tax Cases*

As of March 31, 2012, the University did not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

24.2 Requirements Under RR 19-2011

On December 9, 2011, the BIR issued RR 19-2011 which prescribes the new form that will be used for income tax filing covering and starting with periods ending December 31, 2011 and onwards. This recent RR requires schedules of taxable revenues and other non-operating income, costs of sales and services, and itemized deductions, to be disclosed in the notes to financial statements.

The amounts of taxable revenues, deductible costs of goods sold and deductible expenses presented in the succeeding paragraphs are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2011 statement of comprehensive income.

a. Taxable Revenues

The composition of the University's taxable revenues for the fiscal year ended March 31, 2012 at special tax rate of 10% mainly comprise of tuition and other school fees amounting to P2,041,815,173.

b. Deductible Costs of Services

The deductible costs of services are claimed as part of itemized deductions.

c. Taxable Non-operating and Other Income

The details of taxable non-operating and other income in fiscal year 2012 which are subject to special tax rate of 10% are shown below.

Rental income	P 63,630,627
Management fees	47,857,409
Interest income	17,040,735
Sale of books and other merchandise	1,739,064
Others	6,601,819
	P 136,869,654

d. Itemized Deductions

The amounts of itemized deductions in fiscal year 2012 at special tax rate of 10% are as follows:

Salaries and allowances	P 709,023,844
Employee benefits	193,726,874
Communication, light and water	100,678,344
Depreciation	83,308,974
Rental	79,439,998
Student activities	51,907,686
Other outside services	44,517,056
Bad debts written off	38,885,637
Repairs and maintenance	26,331,762
Directors' bonus	13,500,000
Professional fees	15,418,420
Related learning experience	9,765,742
Supplies	8,411,478
Hospital affiliations	8,026,841
Advertising	7,908,899
Conference and seminars	5,003,395
Taxes and licenses	3,855,197
Realized foreign exchange loss	3,776,129
Medical	3,446,679
Insurance	2,877,744
Transportation and travel	1,573,992
Donation	734,655
Printing and binding	176,496
Miscellaneous	121,683,083
	P1,533,978,925

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, 2012 and 2011, 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, 2012
d. Schedule of Financial Indicators for March 31, 2012 and 2011
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.

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

LYDIA B. ECHAUZ
President and Chief
Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSRIBED AND SWORN to before me this 10th day of July 2012, affiants exhibiting their Community Tax Certificates as follows:

Name	CTC	Date/Place Issued
Lourdes R. Montinola	06999158	1-13-12/Makati City
Lydia B. Echauz	07566107	1-6-12/Manila
Juan Miguel R. Montinola	06998647	1-17-12/Makati

NOTARY PUBLIC

ATTY. ENRICO G. GILERA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
PTR NO. 0407848, 01-17-2012, MANILA
IBP NO. 873635, 12-21-2011, PPLM
ROLL NO. 35145, MAY 27, 1988
COMPLIANCE NO. 1110018920

Doc. No. 427
Page No. 87
Book No. V
Series of 2012.

Punongbayan & Araullo

Member of Grant Thornton International Ltd

Consolidated Financial Statements and Independent Auditors' Report

The Far Eastern University, Incorporated and Subsidiaries

March 31, 2012, 2011 and 2010

Punongbayan & Araullo

Report of Independent Auditors

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

We have audited the accompanying consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2012, 2011 and 2010, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of 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, 2012, 2011 and 2010, and their consolidated financial performance and their cash flows for each of the years then ended in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO

By: Jessie C. Carpio
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 3174797, January 2, 2012, Makati City
SEC Group A Accreditation
Partner - No. 0011-AR-3 (until Jan. 18, 2015)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-6-2011 (until Sept. 21, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2012)

June 19, 2012

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes		2012		2011 (As Restated - see Note 23)		2010 (As Restated - see Note 23)
A S S E T S							
CURRENT ASSETS							
Cash and cash equivalents	7	**P**	**486,095,989**	P	379,328,540	P	512,118,804
Receivables - net	8		**478,526,679**		484,575,521		839,947,375
Financial assets at fair value through profit or loss	9		**-**		8,456,381		-
Available-for-sale investments	9		**1,669,306,024**		1,291,129,475		1,240,095,151
Held-to-maturity investments	3		**-**		-		20,000,000
Real estate held-for-sale	10		**119,459,271**		120,922,260		122,532,288
Other current assets	7, 8, 12		**40,125,702**		64,619,784		84,549,530
Total Current Assets			**2,793,513,665**		2,349,031,961		2,819,243,148
NON-CURRENT ASSETS							
Available-for-sale investments	9		**335,300,863**		311,515,573		-
Investments in an associate and a joint venture	11		**6,883,716**		9,948,773		13,251,976
Investment property - net	12		**291,397,103**		356,957,508		371,577,177
Property and equipment - net	13		**1,767,389,265**		1,649,409,710		1,232,284,572
Deferred tax assets	21		**15,254,114**		13,435,789		10,841,548
Other non-current assets			**18,151,513**		18,082,481		16,117,892
Total Non-current Assets			**2,434,376,574**		2,359,349,834		1,644,073,165
TOTAL ASSETS		**P**	**5,227,890,239**	P	4,708,381,795	P	4,463,316,313
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Accounts payable and other liabilities	14	**P**	**394,055,602**	P	333,311,108	P	436,492,330
Deferred income	17		**31,922,493**		60,705,061		58,979,031
Notes payable	15		**5,771,862**		3,662,796		3,371,494
Income tax payable			**41,982,049**		53,875,651		78,758,273
Total Current Liabilities			**473,732,006**		451,554,616		577,601,128
NON-CURRENT LIABILITIES							
Notes payable	15		**7,514,521**		3,292,947		6,955,744
Deferred tax liabilities	21		**12,760,404**		14,805,270		13,822,482
Other non-current liabilities			**7,528,932**		4,791,807		4,792,977
Total Non-current Liabilities			**27,803,857**		22,890,024		25,571,203
Total Liabilities		**P**	**501,535,863**	P	474,444,640	P	603,172,331

Forward

	Notes	2012	2011	2010
EQUITY				
Equity attributable to owners of the parent company				
Capital stock	23	**P 1,376,863,400**	P 984,577,900	P 984,577,900
Treasury stock - at cost	23	**(3,733,100)**	(3,733,100)	(3,733,100)
Accumulated fair value gains	9	**83,549,498**	20,650,845	7,857,562
Retained earnings	23			
Appropriated		**1,718,503,100**	1,853,733,100	1,675,099,017
Unappropriated		**1,069,868,922**	919,575,512	756,844,096
Total equity attributable to owners of the parent company		**4,245,051,820**	3,774,804,257	3,420,645,475
Non-controlling interest	3	**481,302,556**	459,132,898	439,498,507
Total Equity		**4,726,354,376**	4,233,937,155	3,860,143,982
TOTAL LIABILITIES AND EQUITY		**P 5,227,890,239**	P 4,708,381,795	P 4,463,316,313

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2012, 2011 AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011 (As Restated - see Note 23)	2010 (As Restated - see Note 23)
REVENUES				
Educational income	17			
Tuition fees - net		**P 2,024,254,083**	P 1,950,900,087	P 1,809,269,081
Other school fees		**40,447,982**	36,011,952	35,258,665
		2,064,702,065	1,986,912,039	1,844,527,746
Rental	25	**92,888,338**	72,056,661	58,772,878
Sale of real estate	10	**16,504,911**	11,557,142	8,032,714
Other operating income		**3,856,364**	2,889,281	2,450,768
		2,177,951,678	2,073,415,123	1,913,784,106
COSTS AND OPERATING EXPENSES	18	**1,515,045,265**	1,462,625,765	1,320,687,960
OPERATING INCOME		**662,906,413**	610,789,358	593,096,146
OTHER INCOME (CHARGES)				
Finance income	19	**211,723,409**	163,780,640	110,665,596
Finance costs	19	**(74,878,593)**	(42,213,045)	(25,518,419)
Management fees	22	**47,857,409**	18,303,571	14,080,414
Gain (loss) on sale of investment property	12	**(4,953,920)**	-	211,609,170
Share in net losses of an associate and a joint venture	11	**(3,064,697)**	(3,303,203)	(53,987)
Others - net	3	**15,742,338**	8,165,188	9,756,765
		192,425,946	144,733,151	320,539,539
PROFIT BEFORE TAX		**855,332,359**	755,522,509	913,635,685
TAX EXPENSE	21	**113,859,015**	100,269,179	126,699,737
NET PROFIT		**741,473,344**	655,253,330	786,935,948
OTHER COMPREHENSIVE INCOME				
Fair value gains, net of tax	9	**62,898,653**	12,793,283	17,390,999
TOTAL COMPREHENSIVE INCOME		**P 804,371,997**	P 668,046,613	P 804,326,947
Net profit attributable to:				
Owners of the parent company		**P 719,303,686**	P 635,618,939	P 667,182,452
Non-controlling interest		**22,169,658**	19,634,391	119,753,496
		P 741,473,344	P 655,253,330	P 786,935,948
Total comprehensive income attributable to:				
Owners of the parent company		**P 782,202,339**	P 648,412,222	P 684,573,451
Non-controlling interest		**22,169,658**	19,634,391	119,753,496
		P 804,371,997	P 668,046,613	P 804,326,947
Earnings Per Share				
Basic and Diluted	24	**P 52.38**	P 46.29	P 48.59

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2012 , 2011 AND 2010
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company						
				Accumulated Fair	Retained Earnings		Non-controlling	
	Notes	Capital Stock	Treasury Stock	Value Gains	Appropriated	Unappropriated	Interest	Total Equity
Balance at April 1, 2011								
As previously reported		P 984,577,900	(P 3,733,100)	P 20,650,845	P 1,853,733,100	P 899,731,613	P 459,132,898	P 4,214,093,256
Prior period adjustments	23	-	-	-	-	19,843,899	-	19,843,899
As restated		984,577,900	(3,733,100)	20,650,845	1,853,733,100	919,575,512	459,132,898	4,233,937,155
Comprehensive income								
Net profit for the year		-	-	-	-	719,303,686	22,169,658	741,473,344
Fair value gains for the year	9	-	-	62,898,653	-	-	-	62,898,653
Total comprehensive income		-	-	62,898,653	-	719,303,686	22,169,658	804,371,997
Transactions with owners								
Reversal of appropriations during the year	23	-	-	-	(1,735,000,000)	1,735,000,000	-	-
Appropriations for the year	23	-	-	-	1,599,770,000	(1,599,770,000)	-	-
Stock dividends	23	392,285,500	-	-	-	(392,285,500)	-	-
Cash dividends	23	-	-	-	-	(311,954,776)	-	(311,954,776)
		392,285,500	-	-	(135,230,000)	(569,010,276)	-	(311,954,776)
Balance at March 31, 2012		**P 1,376,863,400**	**(P 3,733,100)**	**P 83,549,498**	**P 1,718,503,100**	**P 1,069,868,922**	**P 481,302,556**	**P 4,726,354,376**
Balance at April 1, 2010								
As previously reported		P 984,577,900	(P 3,733,100)	P 7,857,562	P 1,675,099,017	P 732,136,302	P 439,498,507	P 3,835,436,188
Prior period adjustments	23	-	-	-	-	24,707,794	-	24,707,794
As restated		984,577,900	(3,733,100)	7,857,562	1,675,099,017	756,844,096	439,498,507	3,860,143,982
Comprehensive income								
Net profit for the year		-	-	-	-	635,618,939	19,634,391	655,253,330
Fair value gains for the year	9	-	-	12,793,283	-	-	-	12,793,283
Total comprehensive income		-	-	12,793,283	-	635,618,939	19,634,391	668,046,613
Transactions with owners								
Appropriations for the year	23	-	-	-	557,967,418	(557,967,418)	-	-
Reversal of appropriations during the year	23	-	-	-	(379,333,335)	379,333,335	-	-
Cash dividends	23	-	-	-	-	(294,253,440)	-	(294,253,440)
		-	-	-	178,634,083	(472,887,523)	-	(294,253,440)
Balance at March 31, 2011		P 984,577,900	(P 3,733,100)	P 20,650,845	P 1,853,733,100	P 919,575,512	P 459,132,898	P 4,233,937,155
Balance at April 1, 2009								
As previously reported		P 984,577,900	(P 3,733,100)	(P 9,533,437)	P 975,099,017	P 1,068,447,399	P 314,945,011	P 3,329,802,790
Prior period adjustments	23	-	-	-	-	15,467,685	-	15,467,685
As restated		984,577,900	(3,733,100)	(9,533,437)	975,099,017	1,083,915,084	314,945,011	3,345,270,475
Comprehensive income								
Net profit for the year		-	-	-	-	667,182,452	119,753,496	786,935,948
Fair value gains for the year	9	-	-	17,390,999	-	-	-	17,390,999
Total comprehensive income		-	-	17,390,999	-	667,182,452	119,753,496	804,326,947
Transactions with owners								
Appropriations for the year	23	-	-	-	1,000,000,000	(1,000,000,000)	-	-
Reversal of appropriations during the year	23	-	-	-	(300,000,000)	300,000,000	-	-
Cash dividends	23	-	-	-	-	(294,253,440)	-	(294,253,440)
		-	-	-	700,000,000	(994,253,440)	-	(294,253,440)
Transaction with non-controlling interest								
Increase in non-controlling interest	2	-	-	-	-	-	4,800,000	4,800,000
Balance at March 31, 2010		P 984,577,900	(P 3,733,100)	P 7,857,562	P 1,675,099,017	P 756,844,096	P 439,498,507	P 3,860,143,982

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2012, 2011, AND 2010
(Amounts in Philippine Pesos)

	Notes	2012	2011 (As Restated - see Note 23)	2010 (As Restated - see Note 23)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 855,332,359**	P 755,522,509	P 913,635,685
Adjustments for:				
Interest income	19	**(211,723,409)**	(155,324,259)	(110,665,596)
Depreciation	18	**115,415,315**	105,404,109	75,789,020
Unrealized foreign exchange losses - net		**12,601,630**	3,772,225	3,482,984
Fair value loss (gain) on financial assets at fair value through profit or loss	19	**9,602,353**	(8,456,381)	-
Loss (gain) on sale of investment property	12	**4,953,920**	-	(211,609,170)
Share in net losses of an associate and a joint venture	11	**3,064,697**	3,303,203	53,987
Operating profit before working capital changes		**789,246,865**	704,221,406	670,686,910
Increase in receivables		**(92,611,885)**	(19,112,855)	(108,764,370)
Decrease in real estate held-for-sale		**1,462,989**	1,610,028	6,684,654
Decrease (increase) in other assets		**38,724,405**	(14,914,647)	11,297,829
Increase (decrease) in accounts payable and other liabilities		**50,477,443**	(114,056,694)	99,570,777
Increase (decrease) in deferred income		**(28,782,568)**	1,726,030	(17,576,074)
Increase (decrease) in other non-current liabilities		**2,737,123**	(1,170)	4,792,978
Cash generated from operations		**761,254,372**	559,472,098	666,692,704
Income taxes paid		**(135,196,992)**	(93,883,448)	(87,960,278)
Net Cash From Operating Activities		**626,057,381**	465,588,650	578,732,426
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in available-for-sale investments	9	**(351,674,201)**	(353,001,015)	(134,594,195)
Acquisitions of property and equipment	13	**(222,023,146)**	(502,741,466)	(458,500,117)
Interest received		**211,494,746**	147,040,121	108,937,577
Decrease (increase) in loans receivable	8	**92,500,000**	312,968,845	(477,000,000)
Proceeds from sale of investment property	12	**70,200,000**	69,800,000	100,000,000
Acquisitions of investment property	12	**(17,293,659)**	-	-
Proceeds from held-to-maturity investments		**-**	20,000,000	-
Investment made to a joint venture under registration	11	**-**	-	(6,250,000)
Cash Used in Investing Activities		**(216,796,260)**	(305,933,515)	(867,406,735)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	23	**(308,833,696)**	(288,546,079)	(365,479,906)
Net increase (decrease) in notes payable	15	**6,330,640**	(3,371,495)	(3,103,359)
Net Cash Used in Financing Activities		**(302,503,056)**	(291,917,574)	(368,583,265)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**9,385**	(527,825)	(3,482,984)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**106,767,449**	(132,790,264)	(660,740,558)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**379,328,540**	512,118,804	1,172,859,362
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 486,095,989**	P 379,328,540	P 512,118,804

Supplemental Information on Noncash Investing and Financing Activities:

1) The University declared and issued stock dividends amounting to P392.3 million in 2012 (see Note 23).

2) In 2012, 2011 and 2010, the University declared cash dividends totaling P312.0 million, P294.3 million and P294..3 million, respectively, of which P0.6 million, P5.7 million and P8.5 million, respectively, were not paid in the year of declarations (see Note 23).

3) In 2012, the Group sold certain investment properties for a total consideration of P54.9 million which remained uncollected as of March 31, 2012 (see Note 12).

4) In 2011, the Group made advances amounting to P1.8 million for the acquisition of a parcel of land amounting to P12.0 million. In 2012, the Group paid an additional P4.8 million and reclassified the advances, previously presented as part of receivables, to investment property with a corresponding recognition of the total unpaid portion amounting to P6.0 million as of March 31, 2012 (see Notes 12 and 14).

5) The P52.0 million advances to contractors of the University for the improvements made on a leased property in 2010 were transferred from Other Current Assets to Property and Equipment upon completion of the construction of the improvements (see Note 13).

6) In 2011, the balance of Advances to Joint Venture under Registration amounting to P6.2 million was transferred to Investment in an Associate and a Joint Venture upon the Securities and Exchange Commission's approval of the joint venture registration (see Note 11).

7) In December 2009, the Group sold a parcel of land for a total consideration of P240.0 million. Of such amount, P70.2 million, P69.8 million and P100.0 million was collected in 2012, 2011 and 2010, respectively (see Note 12).

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2012, 2011 and 2010
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

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

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

In November 2009, the University entered into a Joint Venture (JV) Agreement to establish a joint venture company (JVC) for culinary arts. The registration of the JVC was approved by the SEC on May 7, 2010 (see Notes 2.3 and 11). In 2010, the University established the FEU Makati Campus (the Branch) in Makati City (see Note 8). The Branch started operations in June 2010.

As of March 31, 2012, 2011, and 2010, the University holds interest in the following subsidiaries, associate, and joint venture which were all incorporated and operating in the Philippines:

	Percentage of Effective Ownership		
Company Name	**2012**	2011	2010
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	**100%**	100%	100%
Far Eastern College-Silang, Inc. (FECSI)	**100%**	100%	100%
Fern Realty Corporation (FRC)	**37.52%**	37.52%	37.52%
TMC – FRC Sports Performance and Physical Medicine Center, Inc. (SPARC)	**22.51%**	22.51%	22.51%
Associate –			
Juliana Management Co., Inc. (JMCI)	**49%**	49%	49%

Company Name	Percentage of Effective Ownership 2012	2011	2010
Joint Venture – ICF-CCE, Inc.	**50%**	50%	-

FECSI was incorporated on January 21, 2009 and has started commercial operations in June 2010. FECSI and EACCI, similar to the University, were also established to operate as educational institutions. In 2012, FEU made additional investment in FECSI amounting to P26.0 million. FRC, on the other hand, operates as a real estate company, leasing most of its investment properties to the University and other related parties. FEU owns 22.51% of SPARC through FRC which acquired 60% equity ownership interest in SPARC in 2008. SPARC is engaged in the business of organizing, owning, operating, managing and maintaining a sports facility for the rehabilitation and sports performance enhancement within the Philippines.

Although the University controls less than 50% of the voting shares of stock of FRC, it has the power to govern the financial and operating policies of the said entity. Also, the University has the power to cast the majority of votes at meetings of the board of directors and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University.

The Parent Company and its subsidiaries are collectively referred to as the Group.

The registered office address and principal place of business of the University and SPARC is located at Nicanor Reyes Sr. Street, Sampaloc, Manila. On the other hand, the registered address of EACCI is located at FEU-EAC Building, FEU Campus, Nicanor Reyes Sr. St., Sampaloc, Manila while the registered address of FECSI is located at Metrogate Silang Estates, Silang, Cavite and the registered address of FRC is located at Administration Building, FEU Compound Nicanor Reyes Sr. St., Sampaloc, Manila.

The consolidated financial statements of the Group for the year ended March 31, 2012 (including the comparatives for the years ended March 31, 2011 and 2010) were authorized for issue by the Board of Trustees (BOT) on June 19, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses in a single consolidated statement of comprehensive income. The Group has been presenting two comparative periods for the consolidated statement of financial position regardless whether the Group has or does not have retrospective restatement of items in the consolidated financial statements or reclassifies items in the consolidated financial statements.

In 2012, the Group reclassified certain accounts in the consolidated statement of financial position of 2011 to conform with the 2012 consolidated financial statements presentation. In 2011, accounts related to investments in trust accounts were segregated into cash equivalents, loans receivable, interest receivable, accrued expenses and other liabilities and previously presented as part of Cash and Cash Equivalents, Receivables and Accounts Payable and Other Current Liabilities accounts in the consolidated statements of financial position. In 2012, management deemed it appropriate to present the net assets of the said trust accounts as Available-for-sale (AFS) Investments.

Also, as more fully discussed in Note 23.2, in 2012, the Group changed its accounting policy on trust funds.

(c) Functional Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2012 that are Relevant to the Group

In 2012, the Group adopted the following new revisions and amendments to PFRS that are relevant to it and effective for consolidated financial statements for the annual period beginning on or after July 1, 2010 or January 1, 2011:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Classification of Rights Issues
PAS 24 (Amendment)	:	Related Party Disclosures

Philippine Interpretations International Financial Reporting Interpretations Committee (IFRIC) 19	:	Extinguishing Financial Liabilities with Equity Instruments
Various Standards	:	2010 Annual Improvements to PFRS

Below is the discussion of the impact of these accounting standards.

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Classification of Rights Issues* (effective from February 1, 2010). The amendment addresses the accounting for rights issues (e.g., rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. In particular, when the amendment is applied, rights (and similar derivatives) to acquire a fixed number of an entity's own equity instruments for a fixed price stated in a currency other than the entity's functional currency, would be classified as equity instruments, provided the entity offers the rights pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendment has no significant impact on the Group's consolidated financial statements.

(ii) PAS 24 (Amendment), *Related Party Disclosures* (effective from January 1, 2011). The amendment simplifies and clarifies the definition of related party by eliminating inconsistencies in determining related party relationships. The amendment also provides partial exemption from the disclosure requirements for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of this amendment did not result in any significant changes in the Group's disclosures of related parties on its consolidated financial statements.

(iii) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* (effective from July 1, 2010). This interpretation clarifies the accounting when an entity renegotiates the terms of a financial liability through issuance of equity instruments to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:

- the issue of equity instruments to a creditor to extinguish all or part of financial liability is consideration paid in accordance with PAS 39, *Financial Instruments: Recognition and Measurement;*

- the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;

- if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,

- the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

The adoption of the interpretation did not have a material effect on the Group's consolidated financial statements as it did not extinguish financial liabilities through equity swap during the year.

(iv) 2010 Annual Improvements to PFRS. The FRSC has adopted the *2010 Improvements to PFRS*. Most of these amendments became effective for annual periods beginning on or after July 1, 2010 or January 1, 2011. Among those improvements, only the following amendments which are effective from January 1, 2011 were identified to be relevant to the Group's consolidated financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements: Clarification of Statements of Changes in Equity* (effective from July 1, 2010). The amendment clarifies that, for each component of equity, an entity may present an analysis of other comprehensive income either in the consolidated statement of changes in equity or in the consolidated notes to the financial statements. As the Group's other comprehensive income only includes fair value changes on AFS investments, the Group has elected to continue presenting comprehensive income in the consolidated statement of changes in equity.

- PFRS 3 (Amendment), *Business Combinations* (effective from July 1, 2010). The amendment clarifies that contingent consideration arrangement and balances arising from business combinations with acquisition dates prior to the entity's date of adoption of PFRS 3 (Revised 2008) shall not be adjusted on the adoption date. It also provides guidance on the subsequent accounting for such balances.

  It further clarifies that the choice of measuring non-controlling interest at fair value or at the proportionate share in the recognized amounts of an acquiree's identifiable net assets, applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless PFRS requires another measurement basis.

  This amendment also clarifies accounting for all share-based payment transactions that are part of a business combination, including unreplaced and voluntary replaced share-based payment awards. Specifically, this provides guidance for situations where the acquirer does not have an obligation to replace an award but replaces an existing acquiree award that would otherwise have continued unchanged after the acquisition, thus resulting to the accounting for these awards being the same as for the awards that the acquirer is obliged to replace. As there were no business combination transactions entered into by the Group, the amendment has no significant impact in the consolidated financial statements of the Group.

- PAS 34 (Amendment), *Interim Financial Reporting – Significant Events and Transactions* (effective from January 1, 2011). The amendment provides further guidance to illustrate how to apply disclosure principles under PAS 34 for significant events and transactions to improve interim financial reporting. It requires additional disclosure covering significant changes to fair value measurement and classification of financial instruments, and to update relevant information from the most recent annual report. Since the Group already provides sufficient and appropriate disclosures for significant events and transactions in its interim financial reporting, this amendment has no significant effect on the Group's consolidated financial statements.

- PFRS 7 (Amendment), *Financial Instruments: Clarification of Disclosures* (effective from January 1, 2011). The amendment clarifies the disclosure requirements which emphasize the interaction between quantitative and qualitative disclosures about the nature and extent of risks arising from financial instruments. It also amends the required disclosure of financial assets including the financial effect of collateral held as security. This amendment has no significant effect on the consolidated financial statements since the Group already provides adequate information in its consolidated financial statements in compliance with the disclosure requirements.

(b) Effective in Fiscal Year 2012 that are not Relevant to the Group

The following amendments and improvements to published standards are mandatory for accounting periods beginning on or after January 1, 2011 but are not relevant to the Group's consolidated financial statements:

PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Limited Exemption from PFRS 7 Comparative Disclosures
2010 Annual Improvements		
PAS 21 (Amendment)	:	The Effects of Changes in Foreign Exchange Rates
PAS 28 (Amendment)	:	Investments in Associate
PAS 31 (Amendment)	:	Investment in Joint Ventures
PFRS 1 (Amendment)	:	First-time Adoption of PFRS
IFRIC 13 (Amendment)	:	Customer Loyalty Programmes – Fair Value Awards Credits
IFRIC 14 (Amendment)	:	Prepayments of a Minimum Funding Requirement

(c) *Effective Subsequent to Fiscal Year 2012 but not Adopted Early*

There are new and amended PFRS that are effective for periods subsequent to 2011. Among those pronouncements, management has initially determined the following, which the Group will apply in accordance with their transitional provisions, to be relevant to its consolidated financial statements:

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets* (effective from July 1, 2011). The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group does not usually enter into this type of arrangement with regard to transfer of financial asset, hence, the amendment may not significantly change the Group's disclosures in its consolidated financial statements.

(ii) PAS 12 (Amendment), *Income Taxes* (effective from January 1, 2012). An entity is required to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. However, when the asset is measured using the fair value model in PAS 40, *Investment Property*, it can be difficult and subjective to assess whether the recovery will be through use or sale; accordingly, an amendment to PAS 12 was made. The amendment introduces a presumption that recovery of the carrying amount will be or normally be through sale. Consequently, Philippine Interpretation SIC-21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* would no longer apply to investment properties carried at fair value. The amendment also incorporates into PAS 12 the remaining guidance previously contained in Philippine Interpretation SIC-21, which is accordingly withdrawn. As of March 31, 2012, management is still evaluating the effect of this amendment to the Group's consolidated financial statements.

(iii) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in Other Comprehensive Income into those that, in accordance with other PFRS (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's management expects that this will not affect the presentation of items in other comprehensive income, since all of the Group's other comprehensive income, which includes fair value gains and losses on AFS investments, can be reclassified to profit or loss when specified conditions are met.

(iv) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The Group is yet to assess the impact of this new standard.

(v) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39 in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accouting are still being completed.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the consolidated financial statements of the Group and is committed to conduct a continuing comprehensive study of the potential impact of this standard to assess the impact of all changes in view of its adoption in 2015.

(vi) Consolidation Standards

The Group is currently reviewing the impact on its consolidated financial statements of the following consolidation standards which will be effective from January 1, 2013:

- PFRS 10, *Consolidated Financial Statements*. This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.

- PFRS 11, *Joint Arrangement*. This standard provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. This standard replaces the three categories under PAS 31 mainly, jointly controlled entities, jointly controlled operations and jointly controlled assets, with two new categories – joint operations and joint ventures. Moreover, this also eliminates the option of using proportionate consolidation for joint ventures.

- PFRS 12, *Disclosure of Interest in Other Entities*. This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structures entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Revised), *Separate Financial Statements*. This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in the new PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Revised), *Investments in Associate and Joint Venture*. This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11.

2.3 Consolidated Financial Statements and Investments in an Associate and a Joint Venture

The University obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the University, and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as that of the University, using consistent accounting principles except SPARC and EACCI which has an accounting year ending December 31, 2011 and April 30, 2012, respectively.

The University accounts for its investments in subsidiaries and non-controlling interest (previously called "minority interest") as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date the University obtains control until such time that such control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the University, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss as gain (see also Note 2.4).

(b) Investment in an Associate

Associate is an entity over which the Group is able to exercise significant influence but which is neither a subsidiary nor interest in a joint venture. Investment in an associate is initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in an associate is also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognized as investment in an associate. All subsequent changes to the share in the equity of the associate are recognized in the carrying amount of the Group's investment. Changes resulting from the profit or loss generated by the associate are reported as Share in Net Losses of an Associate and a Joint Venture in the Group's consolidated statement of comprehensive income and therefore affect the net results of operations of the Group.

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Group, as applicable. However, when the Group's share of net losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of net losses that has previously not been recognized.

Distributions received from the associate are accounted for as a reduction of the carrying value of the investment.

In computing the Group's share in net profit or loss of the associate, unrealized gains or losses on transactions between Group and its associate are eliminated to the extent of the Group's interest in the associate. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a group perspective.

(c) Investment in a Joint Venture

The Group's interest in a jointly controlled entity is recognized in the consolidated financial statements of the Group using the equity method. Under the equity method, the interest in a jointly controlled entity is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share in the profit or loss of the JV after the date of acquisition. The Group's share in the profit or loss of the JV is adjusted for any unrealized gains arising from transactions with the JV against the related investment. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred (see Note 2.14). The JV is carried at equity method until the date on which the Group cease to have joint control over the JV.

(d) Transactions with Non-controlling Interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control, any retained interest in the subsidiary is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.4 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.14).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.5 Financial Assets

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

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

Currently, the Group's financial instruments are categorized as follows:

(a) Financial Assets at FVTPL

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

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

The Group has derivative assets (including embedded derivatives such as cross currency swaps), included under this category, that are presented as Financial Assets at Fair Value through Profit or Loss account in the consolidated statement of financial position.

The Group uses derivative financial instruments to manage its risks associated with fluctuations in foreign currency. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is favorable to the University and as liabilities when the fair value is favorable to the counterparty.

The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to profit or loss for the period.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets when their maturity is within 12 months after the reporting period.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment loss. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows, discounted at the effective interest rate.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Receivables (excluding advances to employees) and Other Current Assets, to the extent of the balance of restricted cash and cash equivalents included therein, in the consolidated statement of financial position.

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

(c) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. If the Group were to sell other than an insignificant amount of HTM investments, the whole category would be tainted and reclassified as AFS financial assets. HTM investments are included in non-current assets in the consolidated statement of financial position, except those maturing within 12 months from the end of the reporting period, which are presented as part of current assets.

Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss, which is the difference between the carrying value and the present value of estimated cash flows of the investment, is recognized when there is objective evidence that the investment has been impaired.

(d) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. These are presented as Available-for-sale Investments account in the consolidated statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period. All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of the Accumulated Fair Value Gains account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

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

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs account in the consolidated statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

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

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred.

2.6 Real Estate Held-for-sale

Acquisition costs of raw land intended for future development by FRC, including other costs and expenses incurred to effect the transfer of title of the property as well as related property development costs are accumulated in this account.

Real estate held-for-sale is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

Real estate held-for-sale is expected to be sold within two to ten years from the time of acquisition, which is considered as the normal operating cycle of FRC with respect to its development and sale of real estate properties.

2.7 Property and Equipment

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

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

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

Building and improvements	20 years
Furniture and equipment	3-6 years
Miscellaneous equipment	3-5 years

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

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.18) and other directly attributable costs of bringing the asset to working condition for its intended use. The account is not depreciated until such time that the assets are completed and available for use.

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

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

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

2.8 Investment Property

Investment property is measured initially at acquisition cost. Subsequently, investment property, except land which is carried at cost less impairment in value, is carried at cost less accumulated depreciation and any impairment in value.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	20 to 50 years
Land improvements	5 years

Construction in progress represents properties that are under construction or developed for future use as investment property. This includes the cost of construction, applicable borrowing costs (see Note 2.18) and other directly attributable costs of bringing the asset to working condition for its intended use. The account is not depreciated until such time that the assets are completed and available for use.

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

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

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

2.9 Financial Liabilities

Financial liabilities, which include accounts payable and other liabilities (except tax-related liabilities), notes payable and other non-current liabilities, are recognized when the Group becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using the effective interest method for maturities beyond one year, less settlement payments.

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.10 Provisions and Contingencies

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

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

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

2.11 Revenue and Expense Recognition

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

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

(a) *Tuition and Other School Fees* – Revenue is recognized in profit or loss over the corresponding school term. Tuition received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period (see also Note 17). Revenues from national service training program trust funds (see Note 2.17) are recognized upon fulfillment of conditions attached to the fund and/or to the extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as trust funds (liability).

(b) *Sale of Real Estate* – Revenue is recognized when the earning process is virtually complete and collectability of the entire sales price is reasonably assured.

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

(d) *Rental* – Revenue is recognized in profit or loss over the term of the lease using the straight-line method, and in certain cases, the amount determined using straight-line method or amount determined using a certain percentage of the lessee's gross annual revenue whichever is higher. Rent received in advance is recorded as Deferred Income in the consolidated statement of financial position and transferred to Rental revenue when earned.

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

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

Cost and expenses are recognized in profit or loss upon receipt of goods, utilization of services or at the date they are incurred. All finance costs are reported in profit or loss on the accrual basis.

2.12 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

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

(b) *Group as Lessor*

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

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

2.13 Foreign Currency Transactions

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

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income as part of income or loss from operations.

2.14 Impairment of Non-financial Assets

The Group's investments in an associate and a joint venture, property and equipment, investment property and certain other non-current assets are subject to impairment testing. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flows. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.15 Employee Benefits

(a) Post-employment Benefits

Post-employment benefits are provided to employees through a defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

(b) Termination Benefits

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

(c) Compensated Absences

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

2.16 Deposits Payable

This represents funds collected from students or entities that are held by the Group. The Group has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit. This is presented as part of Accounts Payable and Other Current Liabilities under current liabilities in the consolidated statement of financial position as they are normally of a short term in nature.

2.17 Trust Funds

This represents restricted funds of the Group that are intended for student's national service training program and other specific educational purposes. The Group administers the use of these funds based on the specific purpose such funds are identified with. This is presented as Trust Funds under current liabilities in the consolidated statement of financial position.

2.18 Borrowing Costs

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

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

2.19 Income Taxes

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

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

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

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

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

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity.

2.20 Related Parties

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

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

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

2.21 Equity

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

Treasury shares are stated at the cost of re-acquiring such shares.

Accumulated fair value gains comprise gains or losses arising from the revaluation of AFS investments.

Retained earnings include all current and prior period results of operations as disclosed in profit or loss in the consolidated statement of comprehensive income. The appropriated portion represents the amount which is not available for dividend distribution.

Non-controlling interest represents the interests not held by the Group in FRC and SPARC.

2.22 Offsetting of Financial Instruments

Financial assets and liabilities are set off and the resulting net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.23 Events After the Reporting Period

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

2.24 Earnings Per Share

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

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. The University does not have dilutive potential shares outstanding that would require disclosure of diluted EPS in the consolidated statements of comprehensive income.

2.25 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's strategic steering committee; its chief operating decision-maker. The strategic steering committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's service lines as disclosed in Note 6, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

A business segment is a group of asset and operations engaged in providing products or services that are subject to risks and returns and are different from those of other business segments.

The activities undertaken by the education segment includes income from tuition fees and other school fees from offering specific courses as discussed in Note 1. Real estate segment includes leasing of properties and acquiring and developing real properties for sale or lease. Investments consist primarily of revenues and expenses arising from investing activities, except those pertaining to subsidiaries, associate and joint venture, of the Group.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments* are the same as those used in its consolidated financial statements. Share in net losses of an associate, finance income that are not related to investments, finance costs, miscellaneous income, preacquisition income and tax expense are not included in arriving at the operating profit of the operating segment. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Financial information on operating segments is presented in Note 6 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Accounting for Funds Based on Purpose

The Group sets aside an amount of funds collected from students that are intended for students' other specific educational purposes including the national service and training program. Management determines whether the Group has control over its use and whether such funds were disbursed based on the purpose for which the funds were collected. If management determines that the purpose of such fund has been served or are served as part of the regular operations of the Group and no continuing obligation is required, any unutilized fund at the end of each year will be recognized as part of educational revenues. However, should the restrictions attached to the funds extend beyond one period, the balance of funds is retained as trust funds, recorded as part of Trust Funds account in the consolidated statement of financial position, until such time that the conditions and restrictions are fully satisfied. Based on management's evaluation, collected fees for the national service and training program is the only fund that has attached conditions and restrictions which need to be satisfied before revenues may be recognized.

As of March 31, 2012, 2011 and 2010, there is no outstanding trust funds as management assessed that the entire amount of trust funds have been utilized for its intended purpose (see Note 16).

(b) HTM Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as bonds, as HTM investments, the Group evaluates its intention and ability to hold such investments up to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances as allowed under the standards, it will be required to reclassify the whole class to AFS financial assets. In such a case, the investments would therefore be measured at fair value, not amortized cost.

Subsequent to March 31, 2011, the University sold certain HTM investments amounting to P29.9 million before its scheduled maturity. This event was treated as an adjusting event to the Group's 2011 consolidated financial statements. Moreover, the disposal of the HTM investments prior to maturity tainted the classification of such as HTM investments, hence in 2011, the Group reclassified the remaining balance of HTM investments amounting to P311.5 million to AFS Investments. In accordance with PFRS, the Group is not allowed to classify any existing or newly purchased investments under HTM investments category for the next two financial years after the year of tainting even if the current intention of management is to hold such investments until its maturity.

(c) *Classification of Time Deposits*

The Group classifies time deposits depending on its intention in holding such financial assets. If the Group intends to hold such financial assets to earn interest income regardless of original maturity, it classifies such financial assets as AFS investments. However, should the Group's intention is to hold such financial assets for operational purposes; it classifies such financial assets as cash equivalents.

The carrying amount of cash and cash equivalents and AFS investments are presented in Notes 7 and 9, respectively.

(d) *Distinction Among Real Estate Held-for-sale, Owner-managed Property and Investment Property*

The Group determines whether a property qualifies as owner-managed property, investment property or real estate held-for-sale. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of supplying services. Real estate held-for-sale is expected to be sold within two to ten years from the time of acquisition.

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

(e) *Classification of Leases*

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

Currently, all of the Group's lease agreements are determined to be operating leases.

(f) *Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Note 2.10 and relevant disclosures are presented in Note 25.

3.2 Key Sources of Estimation Uncertainty

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

(a) *Allowance for Impairment of Receivables*

The Group maintains an allowance for impairment loss on receivables at a level considered adequate to cover probable uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, history of the students' payment behavior, age of receivables and other external factors affecting the education industry. The Group constantly reviews the age and status of receivables, and identifies accounts that should be provided with allowance. Full allowance is provided to receivables from uncollected tuition fees of the previous school term when no enrollment of specific student is noted in the succeeding school term.

The carrying value of receivables and the analysis of allowance for impairment on such financial assets are shown in Note 8.

(b) *Determining Net Realizable Value of Real Estate Held-for-sale*

In determining net realizable value of real estate held-for-sale, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amount of real properties for sale is affected by price changes in the different market segments as well as the trends in the real estate industry. Changes in the source of estimates may cause significant adjustments to the Group's real estate properties within the next financial year.

(c) Valuation of Financial Assets Other than Loans and Other Receivables

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

The carrying values of the Group's AFS Investments and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 9. On the other hand, fair value gains or losses recognized on FVTPL investments in 2012 and 2011 are presented as Fair value gains or losses on financial assets at FVTPL under Finance Income or Finance Costs in the 2012 and 2011 consolidated statements of comprehensive income (see Note 19).

(c) Impairment of AFS Investments

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

Based on the recent evaluation of information and circumstances affecting the Group's AFS Investments, management concluded that the assets are not impaired as of March 31, 2012, 2011 and 2010. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(d) Useful Lives of Investment Property and Property and Equipment

The Group estimates the useful lives of investment property and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Analyses of the carrying amounts of investment property and property and equipment are presented in Notes 12 and 13, respectively. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

In 2012, recognizing the longer economic life of buildings based on evaluation of management, the Group extended and changed prospectively the useful life of certain buildings which resulted in the decrease in the annual depreciation expense by P1.4 million.

(e) Principal Assumptions for Estimation of Fair Value

Investment property is measured using the cost model. The fair value disclosed in the financial statements is determined by the University using the discounted cash flows valuation technique since information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property is not readily available. The University uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

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

The expected future market rentals are determined on the basis of the remaining useful life of the properties being leased out ranging from 31 to 38 years.

(f) Impairment of Non-financial Assets

The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.14. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. Based on management's assessment, the Group did not recognize any impairment loss on investments in an associate and a joint venture, investment property, and property and equipment in 2012, 2011 and 2010.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

4.1 Interest Rate Risk

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

	Notes	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Cash and cash equivalents	7	**P 485,761,243**	P 378,615,741	P 511,889,773
AFS investments	9	**200,930,821**	567,127,869	30,780,553
HTM investments	3	**-**	-	20,000,000
Restricted cash and cash equivalents	7	**5,000,000**	5,000,000	5,000,000
		P 691,692,064	P 950,743,610	P 567,670,326

The following table illustrates the sensitivity of profit before tax for the years with regard to the Group's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at March 31, 2012, 2011 and 2010.

	2012		2011 (As restated – see Note 23.2)		2010 (As restated – see Note 23.2)	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	**+/-0.98%**	**P 4,760,460**	+/-0.53%	P 2,006,663	+/-1.83%	P 9,367,583
AFS investments	**+/-1.21%**	**2,431,263**	+/-1.48%	8,393,492	+/-2.77%	852,621
Restricted cash and cash equivalents	**+/-0.98%**	**49,000**	+/-0.53%	26,500	+/-1.83%	91,500
Held-to-maturity investments	**-**	**-**	-	-	+/-2.77%	554,400
		P 7,240,723		P 10,426,656		P 10,865,704

4.2 Credit Risk

Credit risk represents the loss the Group would incur if the counterparty failed to perform its contractual obligations. The Group's exposure to credit risk on its receivables related primarily to the inability of the debtors to pay and students to fully settle the unpaid balance of tuition fees and other charges which are owed to the Group based on installment payment schemes. The Group has established controls and procedures in its credit policy to determine and to monitor the credit worthiness of the students based on relevant factors. Students are not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid. The Group also withholds the academic records and clearance of the students with unpaid balance, thus ensuring that collectability is reasonably assured. The Group's exposure to credit risk on its other receivable from debtors and related parties is managed through close account monitoring and setting limits.

The Group neither has any significant exposure to any individual customer or counterparty nor does it have any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties. With respect to credit risk arising from cash and cash equivalents, receivables, AFS investments and HTM investments, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

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

	Notes	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Cash and cash equivalents	7	**P 486,095,989**	P 379,328,540	P 512,118,804
Receivables - net	8	**469,042,810**	470,533,172	830,667,570
Financial assets at FVTPL	9	**-**	8,456,381	-
AFS investments (excluding equity securities)	9	**1,796,485,381**	1,451,887,535	1,218,166,152
HTM investments	3	**-**	-	20,000,000
Restricted cash and cash equivalents	7	**5,000,000**	5,000,000	5,000,000
Security deposits		**3,929,796**	3,929,796	2,765,206
		P 2,760,553,976	P 2,319,135,424	P 2,588,717,732

The table below shows the credit quality of the Group's financial assets as at March 31, 2012, 2011 and 2010 having past due but not impaired components.

	Notes	Neither past due nor impaired	Past due and impaired (As restated – see Note 23.2)	Total
2012				
Cash and cash equivalents	7	P 486,095,989	P -	P 486,095,989
Receivables	8	436,331,538	32,711,272	469,042,810
AFS investments (except equity securities)	9	1,796,485,381	-	1,796,485,381
Restricted cash and cash equivalents	7	5,000,000	-	5,000,000
Security deposits		3,929,796	-	3,929,796
		P 2,727,842,704	P 32,711,272	P 2,760,553,976

	Notes	Neither past due nor impaired	Past due and impaired (As restated – see Note 23.2)	Total
2011				
Cash and cash equivalents	7	P 379,328,540	P -	P 379,328,540
Receivables	8	446,042,104	24,491,068	470,533,172
Financial assets at FVTPL	9	8,456,381	-	8,456,381
AFS investments (except equity securities)	9	1,451,887,535	-	1,451,887,535
Restricted cash and cash equivalents	7	5,000,000	-	5,000,000
Security deposits		3,929,796	-	3,929,796
		P 2,294,644,356	P 24,491,068	P 2,319,135,424
2010				
Cash and cash equivalents	7	P 512,118,804	P -	P 512,118,804
Receivables	8	814,939,862	15,727,708	830,667,570
AFS investments (except equity securities)	9	1,218,166,152	-	1,218,166,152
HTM investments		20,000,000	-	20,000,000
Restricted cash and cash equivalents	7	5,000,000	-	5,000,000
Security deposits		2,765,206	-	2,765,206
		P 2,572,990,024	P 15,727,708	P 2,588,717,732

The age of past due but not impaired receivables is about six months for each of the three years.

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

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

4.3 Liquidity Risk

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

Financial liabilities of the Group at the end of the reporting period comprise of accounts payable and other liabilities, notes payable – current, which are all short-term in nature and have contractual maturities of less than 12 months from the reporting period, except for the non-current portion of notes payable and other non-current liabilities amounting to P15.9 million, P12.3 million and P12.3 million as of March 31, 2012, 2011 and 2010, respectively, which are due beyond 12 months.

4.4 Other Price Risk

The Group's exposure to price risk arises from its investments in equity securities, which are classified as AFS investments in the consolidated statements of financial position.

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

AFS investments consist of publicly listed equity securities which are carried at fair value and non-listed equity securities for which no fair value information is available and that are therefore carried at cost.

For equity securities listed in the Philippines, an average volatility of 5.74%, 18.98%, and 26.06% has been observed during 2012, 2011, and 2010, respectively. If quoted price for these securities increased or decreased by that amount, profit before tax would have changed by P11.9 million in 2012, P28.6 million in 2011, and P5.7 million in 2010.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments except as discussed in Note 9 in connection with its investment in cross currency swap. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

5. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

5.1 Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are shown below.

	Notes	2012		2011 (As restated – see Note 23.2)		2010 (As restated – see Note 23.2)	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets							
Loans and receivables							
Cash and cash equivalents	7	**P 486,095,989**	**P 486,095,989**	P 379,328,540	P 379,328,540	P 512,118,804	P 512,118,804
Receivables - net	8	**469,042,810**	**469,042,810**	470,533,172	470,533,172	830,667,570	830,667,570
Restricted cash and and cash equivalents	7	**5,000,000**	**5,000,000**	5,000,000	5,000,000	5,000,000	5,000,000
Deposits		**3,929,796**	**3,929,796**	3,929,796	3,929,796	2,765,206	2,765,206
		964,068,595	**964,068,595**	858,791,508	858,791,508	1,350,551,580	1,350,551,580
FVTPL							
Cross currency swaps	9	**-**	**-**	8,456,381	8,456,381	-	-
AFS financial assets	9						
Short-term investments		**200,930,821**	**200,930,821**	567,127,869	567,127,869	30,780,553	30,780,553
Debt securities		**1,595,554,560**	**1,595,554,560**	884,759,666	884,759,666	1,187,385,599	1,187,385,599
Equity securities		**208,121,506**	**208,121,506**	150,757,513	150,757,513	21,928,999	21,928,999
Investment in club shares *		**1,800,000**	**1,800,000**	1,800,000	1,800,000	1,800,000	1,800,000
		2,006,406,887	**2,006,406,887**	1,604,445,048	1,604,445,048	1,241,895,151	1,241,895,151
HTM investments	3						
Debt securities		**-**	**-**	-	-	20,000,000	20,000,000
		P 2,970,475,482	**P 2,970,475,482**	P 2,471,692,937	P 2,471,692,937	P 2,612,446,731	P 2,612,446,731
Financial liabilities							
At amortized cost							
Accounts payable and other liabilities	14	**P 359,592,953**	**P 359,592,953**	P 296,527,481	P 296,527,481	P 398,131,678	P 398,131,678
Notes payable	15	**13,286,383**	**13,286,383**	6,955,743	6,955,743	10,327,238	10,327,238
Other non-current liabilities		**7,528,932**	**7,528,932**	4,791,807	4,791,807	4,792,977	4,792,977
		380,408,268	**380,408,268**	308,275,031	308,275,031	413,251,893	413,251,893
FVTPL							
Cross currency swaps	14	**1,145,972**	**1,145,972**	-	-	-	-
		P 381,554,240	**P 381,554,240**	P 308,275,031	P 308,275,031	P 413,251,893	P 413,251,893

** Presented as part of Other Non-current Assets in the consolidated statements of financial position.*

See Notes 2.5 and 2.9 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

Financial assets and liabilities measured at fair value are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significant of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarch has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

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

The breakdown of the Group's financial assets at FVTPL, AFS financial assets and liabilities measured at fair value in its consolidated statements of financial position as of March 31, 2012, 2011 and 2010 are as follows:

	Notes	Level 1	Level 2	Level 3	Total
March 31, 2012					
Debt securities:	9				
Government		P 835,320,756	P -	P -	P 835,320,756
Corporate		615,720,067	-	144,513,737	760,233,804
Equity securities	9	208,121,505	-	1,800,000	209,921,505
Derivative liability:					
Cross currency swaps	14	1,145,972	-	-	1,145,972
		P 1,660,308,300	**P -**	**P 146,313,737**	**P1,806,622,037**
March 31, 2011					
Debt securities:	9				
Government		P 805,269,829	P -	P -	P 805,269,829
Corporate		79,489,837	-	567,127,869	646,617,706
Equity securities	9	150,757,513	-	1,800,000	152,557,513
Financial asset at FVTPL:					
Cross currency swaps	9	8,456,381	-	-	8,456,381
		P 1,043,973,560	P -	P 568,927,869	P 1,612,901,429
March 31, 2010					
Debt securities:	9				
Government		P 678,179,527	P -	P -	P 678,179,527
Corporate		509,206,072	-	30,780,553	539,986,625
Equity securities	9	21,928,999	-	1,800,000	23,728,999
		P 1,209,314,598	P -	P 32,580,553	P 1,241,895,151

6. SEGMENT INFORMATION

6.1 Business Segments

Management currently identifies the Group's three operating segments and is consistent with accounting policies described in Note 2.25. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

6.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, receivables, AFS investments, HTM investments, real estate held-for-sale, investment property and property and equipment. Segment liabilities include all operating liabilities as presented in the consolidated statements of financial position, except for deferred tax liabilities. Segment assets do not include investments in an associate and a joint venture, deferred taxes and other assets which are not allocated to any segment's assets.

6.3 Intersegment Transactions

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

6.4 Analysis of Segment Information

Segment information can be analyzed as follows for the years ended March 31, 2012, 2011 and 2010 (in thousands):

	Education			Real Estate – Rental Income			Real Estate – Sale of Properties		
	2012	2011	2010	**2012**	2011	2010	**2012**	2011	2010
REVENUES									
From external customers	**P2,064,702**	P 1,986,914	P 1,844,527	**P 92,889**	P 72,055	P 58,772	**P 20,432**	P 11,557	P219,643
Intersegment revenues	**-**	-	-	**62,301**	55,017	48,384	**-**	-	-
Total revenues	**2,064,702**	1,986,914	1,844,527	**155,190**	127,072	107,156	**20,432**	11,557	219,643
COSTS AND OTHER OPERATING EXPENSES									
Cost of sales and services excluding depreciation	**1,230,625**	1,228,919	1,131,354	**32,704**	24,144	31,116	**1,463**	1,610	6,685
Depreciation	**91,483**	81,004	58,303	**21,981**	22,446	16,696	**-**	-	-
Other expenses	**202,343**	155,592	124,604	**-**	-	-	**-**	-	-
	1,524,451	1,465,515	1,314,261	**54,685**	46,590	47,812	**1,463**	1,610	6,685
SEGMENT OPERATING INCOME	**P 540,251**	P 521,399	P 530,266	**P 100,505**	P 80,482	P 59,344	**P 18,969**	P 9,947	P212,958
TOTAL ASSETS AND LIABILITIES									
Segment assets	**P 2,212,477**	P 2,310,239	P 2,151,662	**P1,121,883**	P1,182,194	P914,303	**P 119,459**	P 120,922	P122,532
Segment liabilities	**956,911**	1,032076	857,879	**19,432**	17,800	12,505	-	-	-

	Investments			Total		
	2012	2011	2010	**2012**	2011	2010
REVENUES						
From external customers	**P 266,147**	P 186,681	P 127,184	**P2,444,170**	P2,257,207	P 2,250,126
Intersegment revenues	**17,059**	9,025	5,698	**79,360**	64,042	54,082
Total revenues	**283,206**	195,706	132,882	**2,523,530**	2,321,249	2,304,208
COSTS AND OTHER OPERATING EXPENSES						
Cost of sales and services excluding depreciation	**2,847**	1,812	2,352	**1,267,639**	1,256,485	1,171,507
Depreciation	**1,951**	1,021	1,021	**115,415**	104,471	76,020
Other expenses	**-**	1,836	-	**202,343**	157,428	124,604
	4,798	4,669	3,373	**1,585,397**	1,518,384	1,372,131
SEGMENT OPERATING INCOME	**P 278,408**	P 191,037	P 129,509	**P 938,133**	P 802,865	P 932,077
TOTAL ASSETS AND LIABILITIES						
Segment assets	**P2,176,345**	P1,760,350	P 1,601,424	**P5,630,164**	P5,373,705	P 4,789,921
Segment liabilities	-	-	-	**976,343**	1,049,876	870,384

The Group's geographical segment for the years ended March 31, 2012 and 2011 follows (in thousands). The Branch and FECSI only started commercial operations in 2011, hence, there is no such presentation in 2010.

2012	Manila	Makati	Cavite	Total
Segment revenues				
From external customers	P 2,371,726	P 46,553	P 25,891	P 2,444,170
Intersegment revenues	69,962	7,026	2,372	79,360
Total revenues	2,441,688	53,579	28,263	2,523,530
Cost of real estate sales	(1,463)	-	-	(1,463)
Operating expenses	(1,528,684)	(22,650)	(32,600)	(1,583,934)
Segment operating profit (loss)	**P 911,541**	**P 30,929**	**(P 4,337)**	**P 938,133**
Total Segment Assets	**P 5,458,338**	**P 137,938**	**P 33,888**	**P 5,630,164**
Total Segment Liabilities	**P 973,408**	**P 719**	**P 2,216**	**P 976,343**
2011				
Segment revenues				
From external customers	P 2,214,415	P 19,252	P 23,540	P 2,257,207
Intersegment revenues	60,600	2,342	1,100	64,042
Total revenues	2,275,015	21,594	24,640	2,321,249
Cost of real estate sales	-	-	(1,610)	(1,610)
Operating expenses	(1,467,466)	(26,423)	(22,885)	(1,516,774)
Segment operating profit	P 807,549	P 4,829	P 145	P 802,865
Total Segment Assets	P 4,704,648	P 212,044	P 457,013	P 5,373,705
Total Segment Liabilities	P 1,037,506	P 10,097	P 2,273	P 1,049,876

6.5 Reconciliation

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

	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Revenue			
Total segment revenues	**P 2,523,530**	P 2,321,249	P 2,304,208
Elimination of intersegment revenues	**(79,360)**	(64,042)	(54,082)
Finance and other income	**(266,147)**	(186,681)	(127,184)
Gain on sale of investment property	**(3,927)**	-	(211,609)
Revenue from non-reportable segment	**3,856**	2,889	2,451
Revenues as reported in profit or loss	**P 2,177,952**	P 2,073,415	P 1,913,784
Profit or loss			
Segment operating profit	**P 938,133**	P 802,865	P 932,077
Miscellaneous income	**11,815**	8,165	9,757
Finance costs	**(74,879)**	(42,213)	(25,518)
Share in net losses of an associate and a joint venture	**(3,065)**	(3,303)	(54)
Other unallocated expense	**(16,670)**	(9,992)	(2,626)
Tax expense	**(113,859)**	(100,269)	(126,700)
Group net profit as reported in profit or loss	**P 741,473**	P 655,253	P 786,936

	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Assets			
Segment assets	**P 5,630,164**	P 5,373,705	P 4,789,921
Investments in an associate and a joint venture	**6,884**	9,949	13,252
Goodwill	**12,353**	12,353	12,353
Deferred tax assets	**9,424**	13,436	10,842
Elimination of intercompany accounts	**(430,935)**	(701,061)	(363,052)
Total Assets	**P 5,227,890**	P 4,708,382	P 4,463,613
Liabilities			
Segment liabilities	**P 976,343**	P 1,049,876	P 870,384
Deferred tax liabilities	**6,931**	14,805	13,822
Elimination of intercompany accounts	**(481,738)**	(590,236)	(281,034)
Total Liabilities	**P 501,536**	P 474,445	P 603,172

7. CASH AND CASH EQUIVALENTS

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

	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Cash on hand and in banks	**P 250,718,224**	P 193,423,936	P 114,333,595
Short-term placements	**235,377,765**	185,904,604	397,785,209
	P 486,095,989	P 379,328,540	P 512,118,804

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group. These placements earn effective annual interest ranging from 2.6% to 4.8% in 2012, 0.4% to 4.38% in 2011, and 2.5% to 4.5% in 2010 for peso placements and 0.5% in 2012 and 2011 for dollar placements; there were no dollar placements in 2010. Interest income earned from cash and cash equivalents were presented as part of Finance Income account in the consolidated statements of comprehensive income (see Note 19). Related interest receivable as of March 31, 2012, 2011 and 2010 were presented as Accrued Interest as part of Receivables account in the consolidated statements of financial position (see Note 8).

As of March 31, 2012, 2011 and 2010, other short-term placements amounting to P200.9 million, P567.1 and P30.8 million, respectively, that earn an annual interest ranging from 2.9% to 4.5% in 2012, 2.6% to 4.1% in 2011 and 3.1% to 4.0% in 2010, and maturing beyond three months from the date of placement were excluded from Cash and Cash Equivalents and presented as Available-for-sale Investments in the consolidated statements of financial position (see Note 8).

Certain portion of cash and cash equivalents amounting to P5.0 million as of March 31, 2012, 2011 and 2010 are restricted as mandated by the Group's online credit card payment facility with a certain local bank. Considering the restriction on such amount of cash and cash equivalents, this is included as part of the Other Current Assets account in the consolidated statements of financial position.

8. RECEIVABLES

This account is composed of the following:

	Notes	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Tuition and other school fees		**P 214,458,062**	P 161,384,453	P 104,475,283
Allowance for impairment		**(32,711,272)**	(24,491,068)	(15,727,708)
		181,746,790	136,893,385	88,747,575
Loans receivable		**55,200,000**	147,700,000	477,000,000
Accounts receivable	12.1	**62,882,486**	70,243,249	140,000,000
Receivable from:				
East Asia Educational Foundation, Inc. (EAEF)	22.2, 22.3	**62,072,963**	28,952,968	22,415,485
ICF-CCE, Inc.	22.1	**39,440,183**	32,109,755	-
FEU Educational Foundation, Inc. (FEFI)		**37,078,392**	37,078,392	36,671,312
Nicanor Reyes Educational Foundation, Inc. (FERN College)	22.2	**2,024,918**	1,945,891	1,900,648
Accrued interest	7, 9	**12,687,808**	8,487,281	10,200,097
Advances to employees		**9,483,869**	14,042,349	9,279,805
Rental receivable		**3,550,117**	3,009,171	7,022,965
Others		**12,359,153**	4,113,080	46,709,488
		P 478,526,679	P 484,575,521	P 839,947,375

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of 2012, 2011 and 2010 is shown below.

	Note	2012	2011	2010
Balance at beginning of year		**P 24,491,068**	P 15,727,708	P 14,146,263
Impairment losses during the year	19	**47,105,841**	32,571,213	22,035,435
Receivables written off during the year		**(38,885,637)**	(23,807,853)	(20,453,990)
Balance at end of year		**P 32,711,272**	P 24,491,068	P 15,727,708

All of the Group's receivables have been reviewed for indicators of impairment. Certain tuition and other fees receivables were found to be impaired and allowance has been recognized accordingly. The allowance for impairment loss on receivables as of March 31, 2012, 2011 and 2010 relates only to receivables from students which have been outstanding for more than one semester and specifically identified to be impaired. Impairment loss recognized on receivables is presented as part of Finance Costs in the consolidated statements of comprehensive income (see Note 19.2). No allowance for impairment loss on all other receivables was provided as of March 31, 2012, 2011 and 2010 since management believes that those are collectible in full.

Loans receivable represents promissory notes issued by certain rental and leasing domestic corporation in favor of the Group's funds maintained with a certain local bank. The Group and the local bank has an existing Investment Management Agreement. Interest income earned from these loans is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 19.1).

Accounts receivable mainly comprise of receivable from customers arising from the sale of real estate properties (see Note 12.1).

Rental receivable represents amounts collectible from lessees.

Receivable from EAEF represents the outstanding receivables arising from management services provided by the Group to EAEF and those arising from the lease of school building to EAEF (see Notes 22.2 and 22.3).

The Group provides cash advances to FEFI and ICF-CCE, Inc. for the their operating requirements such as faculty payroll, which FEFI and ICF-CCE, Inc. regularly pay to the Group. The outstanding receivables arising from this transaction are presented above as part of Receivable from FEFI and ICF-CCE, Inc (see Note 22.1).

The University leases out certain floors of a building in Makati to ICF-CCE, Inc. for a period of one year, subject to annual renewal as agreed by both parties (see Note 25.2). The outstanding rental receivables arising from this transaction are presented as part of Receivables from ICF-CCE, Inc.

Advances to officers and employees comprise of unsecured and noninterest-bearing advances to officers and employees which are liquidated or payable through salary deduction within 15 days.

Other receivables as of March 31, 2010 includes a P43.7 million option money for the acquisition of shares of stock of Crans Montana Holdings Corporation (Crans Montana). Under the agreement between the University and Crans Montana, such option money will be refunded to the University upon the acquisition of Crans Montana or failure by the University to pursue such acquisition. Pending consummation of the Crans Montana acquisition as of March 31, 2010, the University temporarily leased the property located in Makati City that is owned by Crans Montana (Crans Montana property) until November 2010 and made improvements thereon, including construction of a new school building, for the Branch (see Notes 1 and 25.2). In 2011, the P43.7 million option money was refunded to the University since it did not pursue the acquisition; the land was acquired by FRC instead.

In relation to the improvements made on the Crans Montana property, the University has made advances to contractors amounting to P52.0 million as of March 31, 2010. Such advances are presented as part of Other Current Assets account in the 2010 consolidated statement of financial position. These P52.0 million advances to the contractors were transferred to Buildings and Improvement, presented under the Property and Equipment account in the 2011 consolidated statement of financial position (see Note 13), upon completion of the construction.

9. AVAILABLE-FOR-SALE INVESTMENTS

This category of financial assets consists of the following:

	Note	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Short-term investments	7	**P 200,930,821**	P 567,127,869	P 30,780,553
Debt securities:				
Government		**835,320,756**	805,269,829	678,179,527
Corporate		**760,233,804**	79,489,837	509,206,072
		1,595,554,560	884,759,666	1,187,385,599
Equity securities		**208,121,506**	150,757,513	21,928,999
		1,803,676,066	1,035,517,179	1,209,314,598
		P 2,004,606,887	P 1,602,645,048	P 1,240,095,151

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

	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Current	**P 1,669,306,024**	P 1,291,129,475	P 1,240,095,151
Non-current	**335,300,863**	311,515,573	-
	P 2,004,606,887	P 1,602,645,048	P 1,240,095,151

Interest income recognized in 2012, 2011 and 2010 are presented as part of the Finance Income account in the consolidated statements of comprehensive income (see Note 19.1). The related interest receivable as of March 31, 2012, 2011 and 2010 are presented as Accrued Interest as part of the Receivables account in the consolidated statements of financial position (see Note 8).

As of March 31, 2012, 2011 and 2010, short-term placements amounting to P200.9 million, P567.1 million and P30.8 million, respectively, that earn an annual interest ranging from 2.9% to 4.5% in 2012, 2.6% to 4.1% in 2011 and 3.1% to 4.0% in 2010, and maturing beyond three months from the date of placement were presented as part of the AFS Investment account.

In 2012 and 2011, some of the Group's AFS investments in debt securities include derivative assets arising from cross currency swap. As of March 31, 2012, the net fair values of these embedded cross currency swaps amounting to P1.1 million were presented as Cross currency swap payable under Accounts Payable and Other Liabilities account while the net fair values of these embedded cross currency swaps as of March 31, 2011 amounting to P8.5 million were presented as Financial Assets at FVTPL account in the 2012 and 2011 consolidated statements of financial position, respectively. The related fair value gains or losses are presented as part of Finance Income (Costs) in the 2012 and 2011 consolidated statements of comprehensive income (see Note 19). The net changes in carrying amount of the related interest payable from this cross currency swaps amounting to P5.6 million and P3.4 million, as of March 31, 2012 and 2011, respectively, were presented as part of Finance Costs in the 2012 and 2011 consolidated statements of comprehensive income while the related liability is presented as part of Accrued expenses under the Accounts Payable and Other Liabilities account in the 2012 and 2011 consolidated statements of financial position (see Note 14).

Analyses of the movements in the carrying amounts of the Group's AFS investments held by trustee banks are presented below.

	Note	**2012**	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Balance at beginning of year		**P 1,602,645,048**	P 1,204,095,151	P 1,088,109,957
Additions		**197,142,648**	381,069,238	486,717,814
Withdrawals/Disposal		**(50,000,000)**	(113,912,058)	(414,986,880)
Investment income – net	19.1	**191,920,538**	118,599,434	62,863,261
Fair value gains		**62,898,653**	12,793,283	17,390,999
Balance at end of year		**P 2,004,606,887**	P 1,602,645,048	P 1,240,095,151

10. REAL ESTATE HELD-FOR-SALE

Real estate held-for-sale represents an inventory of lots for sale at the following locations:

	2012	2011	2010
Silang, Cavite	**P 94,837,617**	P 94,837,617	P 94,837,617
Ferndale Villas, Quezon City	**24,621,654**	24,621,654	24,621,654
Ferndale Homes, Quezon City	**-**	1,462,989	3,073,017
	P 119,459,271	P 120,922,260	P 122,532,288

In September 2008, FRC entered into a Joint Development Agreement with Alveo Land Corp. (Alveo) whereby the two agreed to plan and develop an open lot residential subdivision (the Project) on Ferndale Villas in Quezon City. FRC agreed to transfer to Alveo full possession of parcels of land in Quezon City and the former agreed to contribute project development services for the development of the said property. In return for their contributions to the Project, FRC and Alveo shall partition their respective interests in the Project and receive an allocation of 39% and 61%, respectively, of the saleable lots. In 2012, 2011 and 2010, there are no revenues and expenses recognized from this transaction.

Total sales of real estate properties amounted to P16.5 million with a cost of P1.5 million in 2012, P11.6 million with a cost of P1.6 million in 2011, and P8.0 million with a cost of P6.7 million in 2010. The sale is reported as Sale of Real Estate account in the consolidated statements of comprehensive income while the related cost is presented as Cost of real estate sold under the Costs and Operating Expenses account in the consolidated statements of comprehensive income (see Note 18).

Management believes that the carrying values of these assets are lower than their net realizable values considering present market rates, thus, no impairment loss was recognized in 2012, 2011 and 2010.

11. INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

This account consists of the following as of March 31:

	2012	2011	2010
Investment in an associate			
Acquisition cost	**P 7,878,121**	P 7,878,121	P 7,878,121
Accumulated equity in net losses:			
Balance at beginning of year	**(933,843)**	(876,145)	(822,158)
Share in net losses	**(60,562)**	(57,338)	(53,987)
Balance at end of year	**(994,405)**	(933,483)	(876,145)
	6,883,716	6,944,638	7,001,976
Investment in a joint venture			
Acquisition cost	**6,250,000**	6,250,000	-
Accumulated equity in net losses:			
Balance at beginning of year	**(3,245,865)**	-	-
Share in net losses	**(3,004,135)**	(3,245,865)	-
Balance at end of year	**(6,250,000)**	(3,245,865)	-
	-	3,004,135	-
Advances to joint venture under registration	**-**	-	6,250,000
	P 6,883,716	P 9,948,773	P 13,251,976

JMCI's summary of financial information as of December 31, 2011, 2010 and 2009 are as follows:

	2011	2010	2009
Total assets	**P 14,879,283**	P 14,904,579	P 14,913,564
Total liabilities	**830,154**	731,853	623,820
Total equity	**14,049,129**	14,172,726	14,289,744
Net loss	**123,597**	117,018	110,178

ICF-CCE, Inc.'s summary of financial information as of December 31, 2011 and 2010 is as follows:

	2011	2010
Total assets	**P 74,499,592**	P 73,177,511
Total liabilities	**89,027,211**	67,169,240
Total equity (capital deficiency)	**(14,527,619)**	6,008,271
Net loss	**20,535,890**	6,491,729

As discussed in Note 1, in November 2009, the University entered into a JV Agreement with a co-venturer to establish and operate a culinary skills training center which shall provide courses of study in the culinary arts. The University and co-venturer invested P6.3 million each to ICF-CCE, Inc., the JVC. The JV registration was approved by the SEC on May 7, 2010. As of March 31, 2010, pending approval by the SEC of the JVC's registration (see Notes 1 and 2.3), the amount invested by the University is presented as Advances to Joint Venture under Registration in the Investment in an Associate and a Joint Venture account in the 2010 consolidated statement of financial position. The registration with the SEC was approved after the reporting date, accordingly, the investment was transferred to Investment in a Joint Venture under the same account in 2011.

The University's share in ICF-CCE, Inc.'s net loss in 2011 exceeded the balance of the investment account as of March 31, 2012. The Group recognized its share in net losses amounting to P3.0 million to reduce the investment account to nil. The Group's unrecognized equity in ICF-CCE, Inc. losses as of March 31, 2012 amounted to P7.3 million.

The shares of stocks of the associate and the JV are not listed for trading in the stock exchange; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amount of the investments is fully recoverable because of the noted improvement in the associate's and JV's operations from 2011 to 2012.

12. INVESTMENT PROPERTY

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2012, 2011 and 2010 are shown below.

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
March 31, 2012					
Cost	P 83,686,463	P 2,941,664	P 292,754,265	P 35,887,053	P 415,269,445
Accumulated depreciation	-	(2,799,314)	(121,073,030)	-	(123,872,344)
Net carrying amount	**P 83,686,463**	**P 142,350**	**P 171,681,235**	**P 35,887,053**	**P 291,397,101**
March 31, 2011					
Cost	P 135,983,037	P 2,941,664	P 306,970,521	P 23,562,906	P 469,458,128
Accumulated depreciation	-	(2,609,264)	(109,891,356)	-	(112,500,620)
Net carrying amount	P 135,983,037	P 332,400	P 197,079,165	P 23,562,906	P 356,957,508

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
March 31, 2010					
Cost	P 135,983,037	P 2,941,664	P 306,970,521	P 23,914,725	P 469,809,947
Accumulated depreciation	-	(2,419,214)	(95,813,556)	-	(98,232,770)
Net carrying amount	P 135,983,037	P 522,450	P 211,156,965	P 23,914,725	P 371,577,177
April 1, 2009					
Cost	P 138,676,925	P 2,941,664	P 306,970,521	P -	P 448,589,110
Accumulated depreciation	-	(2,012,361)	(81,673,204)	-	(83,685,565)
Net carrying amount	P 138,676,925	P 929,303	P 225,297,317	P -	P 364,903,545

A reconciliation of the carrying amounts of investment property at the beginning and end of 2012, 2011 and 2010 is shown below.

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
Balance at April 1, 2011, net of accumulated depreciation	P 135,983,037	P 332,400	P 197,079,165	P 23,562,906	P 356,957,508
Additions	9,769,512	-	-	12,324,149	22,093,659
Disposals	(62,066,086)	-	(14,216,256)	-	(76,282,342)
Depreciation charges for the year	-	(190,050)	(11,181,674)	-	(11,371,724)
Balance at March 31, 2012, net of accumulated depreciation	**P 83,686,463**	**P 142,350**	**P 171,681,235**	**P 35,887,055**	**P 291,397,103**
Balance at April 1, 2010, net of accumulated depreciation	P 135,983,037	P 522,450	P 211,156,965	P 23,914,725	P 371,577,177
Reclassification (see Note 13)	-	-	-	(351,819)	(351,819)
Depreciation charges for the year	-	(190,050)	(14,077,800)	-	(14,267,850)
Balance at March 31, 2011, net of accumulated depreciation	P 135,983,037	P 332,400	P 197,079,165	P 23,562,906	P 356,957,508
Balance at April 1, 2009, net of accumulated depreciation	P 138,676,925	P 929,303	P 225,297,317	P -	P 364,903,545
Disposal	(2,693,888)	-	-	-	(2,693,888)
Reclassification (see Note 13)	-	-	-	23,914,725	23,914,725
Depreciation charges for the year	-	(406,853)	(14,140,352)	-	(14,547,205)
Balance at March 31, 2010, net of accumulated depreciation	P 135,983,037	P 522,450	P 211,156,965	P 23,914,725	P 371,577,177

12.1 Sale of Investment Property

In December 2007, FRC entered into a Deed of Exchange with a certain real estate company for the exchange of their respective parcels of land located in Silang, Cavite. In March 2012, such deed of exchange was cancelled and replaced by a Deed of Absolute Sale whereby FRC sells, transfers and conveys a parcel of land located in Silang, Cavite with a carrying amount of P59.8 million to the real estate company for a total consideration of P54.9 million (net of VAT). Total outstanding receivable arising from this transaction amounting to P61.5 million is presented as part of Accounts receivables under the Receivables account in the 2012 consolidated statement of financial position. A loss amounting to P5.0 million was recognized from this transaction and is recognized as part of Gain (Loss) on Sale of Investment Property in the 2012 consolidated statement of comprehensive income. In April 2012, FRC acquired from the same real estate company a parcel of land for a total consideration of P51.1 million.

In December 2009, FRC sold its parcels of land located in Quezon City, for a total consideration of P240.0 million, which is inclusive of output VAT. The carrying value of the property as of the date of sale amounted to P2.3 million. Total gain recognized from this transaction amounted to P211.6 million and is presented as Gain (Loss) on Sale of Investment Property account in the 2010 consolidated statement of comprehensive income. Receivable arising from this transaction amounting to P70.2 million and P140.0 million as of March 31, 2011 and 2010, respectively, is presented as Accounts Receivable under Receivables account in the 2011 and 2010 consolidated statements of financial position. In 2012, the receivables were collected in full.

12.2 Rental Income

The total rental income earned from the investment property amounted to P92.9 million in 2012, P72.1 million in 2011 and P58.8 million in 2010 and presented as Rental account under Revenues section in the consolidated statements of comprehensive income (see also Note 25.2). The direct operating expenses which include depreciation expense, insurance and taxes and licenses incurred by the Group relating to investment property is presented as part of Property Insurance, Taxes and Licenses, and Depreciation under General operating expenses of Costs and Operating Expenses account in the consolidated statements of comprehensive income (see Note 18).

12.3 Reclassification

In 2011, FRC made advances amounting to P1.8 million for the acquisition of a parcel of land amounting to P12.0 million. In 2012, FRC paid an additional P4.8 million and reclassified the deposit, previously presented as part of Receivables account, to Investment Property (see Note 8). The outstanding liability amounting to P6.0 million is presented as Liability for land acquisition under the Accounts Payable and Other Liabilities account in the 2012 consolidated statement of financial position (see Note 14).

12.4 Fair Values of Investment Property

Based on the discounted net future cash flows model, management determined that the total fair value of investment properties as of March 31, 2012 amounted to P527.3 million. The discounted net future cash flows model was computed based on the remaining useful life of the properties ranging from 31 to 38 years.

13. PROPERTY AND EQUIPMENT

The restated gross carrying amounts and accumulated depreciation at the beginning and end of 2012, 2011 and 2010 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Total
March 31, 2012						
Cost	P 471,055,554	P 1,418,760,225	P 179,524,054	P 153,111,038	P 44,364,910	P 2,266,815,781
Accumulated depreciation	-	(246,392,457)	(135,953,081)	(117,080,978)		(499,426,516)
Net carrying value	**P 471,055,554**	**P 1,172,367,768**	**P 43,570,973**	**P 36,030,060**	**P 44,364,910**	**P 1,767,389,265**
March 31, 2011						
Cost	P 469,263,118	P 1,272,177,856	P 170,800,977	P 127,382,572	P 5,168,112	P 2,044,792,635
Accumulated depreciation	-	(199,969,627)	(116,582,634)	(78,830,664)	-	(395,382,925)
Net carrying value	P 469,263,118	P 1,072,208,229	P 54,218,343	P 48,551,908	P 5,168,112	P 1,649,409,710
March 31, 2010						
Cost	P 257,219,324	P 782,440,941	P 130,708,817	P 87,058,037	P 279,104,119	P 1,536,531,238
Accumulated depreciation	-	(152,625,121)	(101,338,074)	(50,346,471)	-	(304,246,666)
Net carrying value	P 257,219,324	P 629,878,820	P 29,370,743	P 36,711,566	P 279,104,119	P 1,232,284,572
March 31, 2009						
Cost	P 257,219,324	P 654,637,049	P 116,872,756	P 37,706,802	P 23,914,725	P 1,090,350,656
Accumulated depreciation	-	(120,539,142)	(89,480,669)	(21,389,850)	-	(231,409,661)
Net carrying value	P 257,219,324	P 534,097,907	P 27,392,087	P 16,316,952	P 23,914,725	P 858,940,995

A reconciliation of the restated carrying amounts of property and equipment at the beginning and end of 2012, 2011 and 2010 is shown below.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equiment	Construction in Progress	Total
Balance at April 1, 2011, net of accumulated depreciation	P 469,263,118	P 1,072,208,229	P 54,218,343	P 48,551,908	P 5,168,112	P 1,649,409,710
Additions	1,792,436	146,582,369	8,723,077	25,728,466	39,196,798	222,023,146
Depreciation charges for the year	-	(46,422,830)	(19,370,447)	(38,250,314)	-	(104,043,591)
Balance at March 31, 2012, net of accumulated depreciation	**P 471,055,554**	**P 1,172,367,768**	**P 43,570,973**	**P 36,030,060**	**P 44,364,910**	**P 1,767,389,265**
Balance at April 1, 2010, net of accumulated depreciation	P 257,219,324	P 629,878,820	P 29,370,743	P 36,711,566	P 279,104,119	P 1,232,284,572
Additions	212,043,794	132,571,261	41,246,348	39,170,347	77,709,716	502,741,466
Reclassifications (see Note 12)	-	357,165,654	(1,154,188)	1,154,188	(351,645,723)	5,519,931
Depreciation charges for the year	-	(47,407,506)	(15,244,560)	(28,484,193)	-	(91,136,259)
Balance at March 31, 2011, net of accumulated depreciation	P 469,263,118	P 1,072,208,229	P 54,218,343	P 48,551,908	P 5,168,112	P 1,649,409,710

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equiment	Construction in Progress	Total
Balance at April 1, 2009, net of accumulated depreciation	P 257,219,324	P 534,097,907	P 27,392,087	P 16,316,952	P 23,914,725	P 858,940,995
Additions	-	127,803,892	13,862,378	37,729,728	279,104,119	458,500,117
Reclassifications (see Note 12)	-	-	-	-	(23,914,725)	(23,914,725)
Depreciation charges for the year	-	(32,022,979)	(11,883,722)	(17,335,114)	-	(61,241,815)
Balance at March 31, 2010, net of accumulated depreciation	P 257,219,324	P 629,878,820	P 29,370,743	P 36,711,566	P 279,104,119	P 1,232,284,572

In 2012, certain assets amounting to P9.8 million were returned by FECSI to its counter party after the transaction between them was not fully consummated.

14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	Notes	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Accounts payable		**P 52,228,894**	P 38,477,408	P 48,363,855
Accrued expenses		**84,359,745**	41,048,962	45,340,965
Dividends payable	23.3	**80,054,907**	76,933,827	71,226,466
Deposits payable		**50,555,514**	48,271,186	49,546,361
Amounts due to students		**40,445,573**	37,094,299	37,573,353
Withholding taxes and other payable		**33,316,677**	36,783,627	38,360,652
Accrued salaries and employee benefits		**30,591,622**	30,190,791	29,614,032
Liability for land acquisition	12.3	**6,000,000**	-	-
Payable to FEU retirement plan		**5,679,291**	9,843,054	32,313,215
Payable to FEFI		**-**	5,226,912	-
Payable to contractor		**-**	-	50,717,331
Retention payable		**-**	-	26,691,627
Cross currency swap payable	9	**1,145,972**	-	-
Other current liabilities		**9,677,407**	9,441,042	6,744,473
		P 394,055,602	P 333,311,108	P 436,492,330

Accrued expenses include the Group's accrual for utilities, rentals and directors' bonuses.

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

Amounts due to students represent excess payment of miscellaneous fees refundable on demand by the students.

Liability for land acquisition as of March 31, 2012 pertains to the outstanding payable arising from an acquisition of a parcel of land located in Manila made in 2012 (see Note 12.3).

Payable to contractor represents amount due to a construction company for the construction of FRC's building in Silang, Cavite.

15. NOTES PAYABLE

Notes payable represents the outstanding payable at the end of the reporting periods relating to the Group's acquisition of condominium units.

In 2012, FRC entered into a Contract to Sell (CTS) with Alveo to purchase a condominium unit in Sta. Ana, Manila which is intended to be leased out to third parties upon completion of its construction. Total contract price amounted to P14.3 million, out of which P2.9 million was paid upon execution of the CTS and the balance payable in monthly payments over a period of 4 years commencing in March 2012. The liability is noninterest-bearing and measured at amortized cost using the effective interest rate method. The discount rate of 7.10% was used and determined by reference to published market interest rates prevailing on the transaction date. The title to the land remains with Alveo and will be transferred to FRC upon full payment of the liability. The breakdown of this noninterest-bearing notes payable as of March 31, 2012 follows:

	Current	Non-current	Total
Principal amount	P 3,099,200	P 8,340,766	P 11,439,966
Unamortized discount	(679,033)	(826,244)	(1,505,277)
Balance at end of year	P 2,420,167	P 7,514,522	P 9,934,689

In 2009, a condominium unit in Global City, Taguig was purchased for a total contract price of P29.4 million. Out of which, 25% was paid at the execution of the contract and the balance is to be paid in monthly installment payments of P341,975 payable starting September 2008 until January 2013. The outstanding liability arising from this transaction amounted to P3.3 million and P7.0 million as of March 31, 2012 and 2011 and is presented as part of Notes Payable in the consolidated statements of financial position.

The movements in the outstanding balance of the notes payables which is presented as Notes Payable in the consolidated statements of financial position is shown below.

	2012	2011	2010
Balance at beginning of year	**P 6,955,743**	P 10,327,238	P 13,430,597
Additions	**9,934,688**	-	-
Repayments	**(3,604,048)**	(3,371,495)	(3,103,359)
Balance at end of year	**13,286,383**	6,955,743	10,327,238
Current portion	**(5,771,862)**	(3,662,796)	(3,371,494)
Non-current portion	**P 7,514,521**	P 3,292,947	P 6,955,744

16. TRUST FUNDS

The trust funds that the University sets aside for student national service and training program and other specific educational purposes amounted to P26.6 million, P22.4 million and P14.7 million in 2012, 2011 and 2010, respectively. At the end of each year, management has assessed that the entire amount of trust funds have been fully disbursed and utilized for their intended purposes. Hence, there are no outstanding undisbursed trust funds as of March 31, 2012, 2011 and 2010.

17. TUITION AND OTHER SCHOOL FEES

Details of this account presented in the consolidated statements of comprehensive income are as follows:

	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Tuition	**P 2,149,209,834**	P 2,043,148,678	P 1,889,840,812
Less discounts:			
Scholarship	**100,633,315**	71,237,813	61,000,082
Family	**13,579,903**	9,843,617	9,277,458
Cash	**10,742,533**	11,167,161	10,294,191
	124,955,751	92,248,591	80,571,731
	2,024,254,083	1,950,900,087	1,809,269,081
Other school fees:			
Entrance fees	**14,265,110**	13,628,854	12,879,474
Identification cards	**9,351,447**	8,576,425	9,903,306
Transcript fees	**7,072,540**	8,602,882	8,794,229
Diplomas	**2,435,969**	2,677,978	2,910,208
Miscellaneous	**7,322,916**	2,525,813	771,448
	40,447,982	36,011,952	35,258,665
	P 2,064,702,065	P 1,986,912,039	P 1,844,527,746

Towards the end of every fiscal year, the Group usually collects tuition fees from students for summer classes which start after the reporting period. Such collections amounting to P31.9 million and P43.9 million as of March 31, 2012 and 2011, respectively, are excluded from tuition fees earned for the year and presented as part of Deferred Income account in the consolidated statements of financial position. These are recognized as revenue in the following year. There are no unearned tuition fees as of March 31, 2010 due to the timing of the summer classes.

18. COSTS AND OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Instructional and Academic				
Salaries and allowances	20	**P 597,529,768**	P 565,959,225	P 519,662,398
Employees benefits	20, 22.4	**151,563,151**	168,825,338	165,028,563
Related learning experience		**9,765,742**	25,955,995	31,738,871
Affiliation		**8,026,841**	12,095,802	17,153,509
Others		**168,226,176**	133,369,716	101,143,195
		935,111,678	906,206,076	834,726,536
Sale of Real Estate				
Cost of real estate sold	10	**1,462,989**	1,610,028	6,684,654
Administrative				
Salaries and allowances	20	**107,841,047**	104,359,201	98,577,604
Employees benefits	20, 22.4	**34,524,535**	40,997,811	44,727,498
Rental		**16,343,443**	5,849,365	7,914,634
Directors' bonus		**13,500,000**	13,500,000	12,010,000
Others		**30,304,282**	23,538,261	25,621,413
		202,513,307	188,244,638	188,851,149
Maintenance and University Operations				
Utilities		**98,032,222**	88,042,401	70,984,247
Repairs and maintenance		**27,755,934**	60,281,145	42,639,521
Salaries and allowances		**26,139,193**	23,177,313	21,722,461
Janitorial services		**20,874,874**	17,066,870	14,601,614
Employee benefits	20, 22.4	**10,200,571**	10,387,002	11,198,934
Property insurance		**4,272,799**	1,997,526	1,485,816
		187,275,593	200,952,257	162,632,593
General				
Depreciation	12, 13	**115,415,315**	105,404,109	75,789,020
Security services		**25,633,047**	25,545,434	15,782,208
Professional fees		**14,161,730**	14,750,091	13,858,475
Taxes and licenses		**10,968,713**	4,499,399	5,226,801
Publicity and promotions		**9,332,079**	7,154,574	9,017,636
Donation and charitable contributions		**801,194**	1,631,176	2,091,949
Others		**12,369,620**	6,627,983	6,026,939
		188,681,698	165,612,766	127,793,028
		P 1,515,045,265	P 1,462,625,765	P 1,320,687,960

19. FINANCE INCOME AND FINANCE COSTS

19.1 Finance Income

This account consists of the following:

	Notes	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Interest income from:				
AFS investments	9	**P 191,920,538**	P 118,599,434	P 62,863,261
Cash and cash equivalents	7	**16,193,667**	23,730,502	43,959,919
Loans receivables	8	**3,609,204**	12,994,323	2,192,416
HTM investments		**-**	-	1,650,000
		211,723,409	155,324,259	110,665,596
Fair value gains on financial assets at FVTPL	9	**-**	8,456,381	-
		P 211,723,409	P 163,780,640	P 110,665,596

19.2 Finance Costs

This account is broken down into the following:

	Notes	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Impairment loss on receivables	8	**P 47,105,841**	P 32,571,213	P 22,035,435
Foreign exchange losses – net		**12,605,534**	6,212,893	3,482,984
Fair value loss on financial assets at FVTPL	9	**9,602,353**	-	-
Interest expense	9	**5,564,865**	3,428,939	-
		P 74,878,593	P 42,213,045	P 25,518,419

20. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

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

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

Contributions to this fund are in accordance with the defined contribution established by the Retirement Board which is the sum of the employees' and the University's contributions. Employees' contribution is 5% of basic salary while the University's contribution is equivalent to 20% of the employees' basic salary. Retirement expense recognized in the Group's consolidated statements of comprehensive income amounted to P19.9 million in 2012, P69.8 million in 2011, and P86.6 million in 2010 (see Note 18).

As a Group policy, any contributions made by the University in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay, can be utilized as employer contributions in succeeding years. As there were forfeited contributions made by the University in previous years which were used for contributions in 2012, the amount of retirement expense in 2012 amounted only to P19.9 million.

The retirement fund's statements of financial position as of December 31, 2011, 2010 and 2009 showed the following:

	2011	2010	2009
Assets			
Cash on hand and in banks	**P 318,781,015**	P 24,083,864	P 9,997,093
Money market placements	**489,757,180**	758,247,882	715,250,000
Receivables	**46,783,591**	62,940,415	52,926,997
Others	**92,066**	114,396	136,263
	855,413,852	845,386,557	778,310,353
Liabilities	**(15,612,477)**	(67,028,640)	(55,569,843)
Net Assets	**P 839,801,375**	P 778,357,917	P 722,740,510

21. INCOME TAXES

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

The components of tax expense presented in profit or loss are as follows:

	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Current tax expense:			
Special rate at 10%	**P 64,470,590**	P 59,431,631	P 56,990,568
Final tax at 20% and 7.5%	**35,567,441**	27,763,437	21,691,427
Regular corporate income tax (RCIT) rate at 30%	**17,684,192**	14,685,564	48,978,646
	117,722,223	101,880,632	127,660,641
Deferred tax income arising from origination and reversal of temporary differences	**(3,863,191)**	(1,611,453)	(960,904)
	P 113,859,032	P 100,269,179	P 126,699,737

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

	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Tax on pretax profit at 10%	**P 85,533,236**	P 75,552,251	P 91,363,569
Adjustments for income subjected to:			
Final tax	**17,484,233**	13,185,575	10,257,744
RCIT rate	**11,123,407**	10,018,897	47,379,728
Excess of optional standard deduction (OSD) over itemized deductions	**(1,040,436)**	(237,071)	(24,161,010)
Others	**758,592**	1,749,527	1,859,706
Tax expense	**P 113,859,032**	P 100,269,179	P 126,699,737

The deferred tax assets and liabilities relate to the following as of March 31:

	Consolidated Statements of Financial Position			**Profit or Loss**		
	2012	2011	2010	**2012**	2011	2010
Deferred tax assets:						
Unearned rental income	**P 5,829,729**	P 5,340,109	P 3,751,602	**(P 489,620)**	(P 1,588,507)	(P 528,439)
Accrued rent expense	**4,825,238**	5,275,564	5,168,876	**450,326**	(106,688)	(577,874)
Allowance for impairment loss on receivables	**3,224,387**	2,442,894	1,572,771	**(781,493)**	(870,123)	(158,145)
Unrealized foreign currency loss	**1,260,163**	377,222	348,299	**(882,941)**	(28,923)	(348,299)
Unrealized fair value loss	**114,597**	-	-	**(114,597)**	-	-
Deferred tax assets	**P 15,254,114**	P 13,435,789	P 10,841,548			
Deferred tax liabilities:						
Accrued rent income	**(P 12,760,404)**	(13,959,632)	(P 13,822,482)	**(1,199,228)**	137,150	955,626
Unrealized foreign currency gains	**-**	(845,638)	-	**(845,638)**	845,638	(303,773)
Deferred tax liabilities	**(P 12,760,404)**	(P 14,805,270)	(P 13,822,482)			
Deferred tax income – net				**(P 3,863,191)**	(P 1,611,453)	(P 960,904)

FRC is subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations. No MCIT was recognized in 2012, 2011, and 2010 as RCIT was higher than the MCIT in those years.

FECSI is in a loss position in 2012, 2011 and 2010, hence, no tax expense at the special tax rate of 10% was recognized in those years. The amount of net operating loss carry over (NOLCO) of P6,785,939 in 2012, P10,397,887 in 2011 and P1,100,217 in 2010 can be claimed against future taxable income until 2015, 2014 and 2013, respectively.

Also, for financial reporting purposes, FECSI recognized the expenses incurred prior to the start of the commercial operations as expenses in the period when incurred but were deferred and are being amortized for a period of five years for tax purposes. Total pre-operating expenses incurred in 2010 amounted to P774,978. Unamortized pre-operating expenses for tax purposes as of March 31, 2012, 2011 and 2010 amounted to P309,991, P464,986 and P619,982, respectively.

EACCI has no MCIT recognized in 2012, 2011 and 2010 since EACCI derived only interest income subject to final tax and dividend income exempt from income tax. The amount of NOLCO of P247,721, P260,201 and P137,467 in 2012, 2011 and 2010, respectively, can be claimed against future taxable income until 2015, 2014 and 2013, respectively.

No deferred tax assets were recognized arising from NOLCO and pre-operating expenses of FECSI and NOLCO of EACCI since management believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period. Total unrecognized deferred tax assets of FECSI as of March 31, 2012, 2011 and 2010 are P1,944,351, P1,218,609 and P172,020, respectively. Total unrecognized deferred tax assets of EACCI as of March 31, 2012, 2011 and 2010 amounted to P194,007, P202,335 and P167,255, respectively.

As allowed under the prevailing tax regulations, each entity within the Group has the option to claim either the OSD of 40% of gross sales or itemized deductions. In 2012, 2011 and 2010, the University, FECSI and EACCI elected to use itemized deductions while FRC elected to use OSD for income tax purposes.

22. RELATED PARTY TRANSACTIONS

The Group's related parties include its associate and joint venture, the Group's key management and others as described below. The following are the Group's significant transactions with such related parties:

22.1 Noninterest-bearing Advances

The Group grants unsecured and noninterest-bearing advances to ICF-CCE, Inc. for working capital purposes which are due on demand. Advances made in 2011 amounted to P23.8 million. This is shown as part of Receivables account in the 2011 consolidated statement of financial position (see Note 8). There were no similar transactions in 2012 and 2010.

22.2 Lease of Campus Premises

The Group leases out certain buildings to EAEF for a period of one to five years until May 31, 2015. Total rental income from EAEF, is presented as part of Rental account in the consolidated statements of comprehensive income, amounted to P53.8 million in 2012, P48.2 million in 2011 and P39.2 million in 2010. Outstanding receivables arising from this transaction is presented as part of Receivable from EAEF under the Receivables account in the consolidated statements of financial position (see Note 8).

The Group has an existing lease contract with FERN College, a related party under common management, which covers certain buildings that FERN College occupies within the campus from June 1, 2007 to May 31, 2017 and provides for an annual rental of P1.4 million or 10% of gross annual revenue, whichever is higher. Rental income recognized from this transaction amounted to P16.1 million in 2012, P8.9 million in 2011 and P6.7 million in 2010 and is presented as part of Rental account in the consolidated statements of comprehensive income. Outstanding receivables arising from this transaction is presented as Receivable from FERN College under Receivables account in the consolidated statements of financial position (see Note 8).

22.3 Management Services

The Group provides management services to EAEF which agreed to pay management fee computed at a certain percentage of their gross revenue subject to certain conditions. Management fees earned amounted to P47.9 million in 2012, P18.3 million in 2011 and P14.1 million in 2010, which is presented as Management Fees account in the consolidated statements of comprehensive income. Outstanding receivables arising from this transaction amounted to P47.8 million, P18.3 million and P13.9 million as of March 31, 2012, 2011 and 2010, respectively, is presented as part of Receivable from EAEF under the Receivables account in the consolidated statements of financial position (see Note 8).

22.4 Key Management Personnel Compensation

Total remunerations of the Group's key management personnel presented as part of salaries and allowances and employees benefits under the Instructional and Academic, and Administrative expenses caption of Costs and Operating Expenses account (see Note 18) is as follows:

	2012	2011	2010
Short-term benefits	**P 126,713,790**	P 116,142,820	P 120,223,887
Retirement benefits	**19,501,095**	18,958,287	18,247,691
	P 146,214,885	P 135,101,107	P 138,471,578

22.5 Eliminated Intercompany Transactions

Summarized below are the significant intercompany transactions in 2012 that were eliminated upon preparation of the consolidated financial statements.

Nature of Transaction	Entity	Account Name	Amount
1. Investment in subsidiaries	Group	Non-controlling Interest	P 459,667,805
	Group	Other Non-current Assets	(12,352,684)
	FEU	Investment in Subsidiaries	142,724,298
	FEU	Retained earnings	214,870,718
	FRC	Capital stock	(177,920,000)
	FRC	Retained earnings	(552,051,207)
	FRC	Allowance for Impairment	(3,600,000)
	SPARC	Capital stock	(12,000,000)
	EACCI	Capital stock	(6,000,000)
	EACCI	Allowance for Impairment	(2,338,930)
	FECSI	Capital stock	(51,000,000)
2. Interest-bearing advances	FEU	Receivables	350,545,605
(current)	FRC	Due to Related Party	(350,545,605)
3. Interest-bearing advances	FEU	Due from Related Party	114,610,613
(non-current)	FRC	Due to Related Party	(114,610,613)
4. Interest on interest-bearing	FRC	Interest expense	16,266,445
advances	FEU	Interest income	(16,266,445)
	FEU	Interest receivable	625,487
	FRC	Interest payable	(625,487)
5. Noninterest-bearing advances	FEU	Receivables	7,370,000
(at net amounts)	FRC	Other receivables	86,476
	FECSI	Receivables	130,000
	FECSI	Due to related party	(86,476)
	EACCI	Due to related party	(7,500,000)
6. Rentals	FEU	Other current assets	19,432,431
	FRC	Unearned rental income	(19,432,431)
	FRC	Rental receivable	42,268,108
	REU	Accrued expenses	(42,268,108)
	FEU	Rental expense	59,129,289
	FECSI	Rental expense	2,372,331
	FRC	Rental income	(61,501,620)
	FRC	Rental expense	800,000
	FEU	Rental income	(800,000)
7. Demolition of building	FRC	Accounts receivable	8,928,571
	FRC	Loss on sale of investment property	3,057,199
	EACCI	Accounts payable	(11,985,770)
			P -

23. EQUITY

23.1 Capital Stock

	Shares			Amount		
	2012	2011	2010	**2012**	2011	2010
Common shares – P100 par value						
Authorized	**20,000,000**	10,000,000	10,000,000			
Issued and outstanding:						
Balance at beginning of year	**9,845,779**	9,845,779	9,845,779	**P 984,577,900**	P 984,577,900	P 984,577,900
Issued during the year	**3,922,855**	-	-	**392,285,500**	-	-
Balance at end of year	**13,768,634**	9,845,779	9,845,779	**1,376,863,400**	984,577,900	984,577,900
Treasury stock – at cost	**(37,331)**	(37,331)	(37,331)	**(3,733,100)**	(3,733,100)	(3,733,100)
Total outstanding	**13,731,303**	9,808,448	9,808,448	**P 1,373,130,300**	P 980,844,800	P 980,844,800

On July 19, 2011, the University's BOT approved the increase in authorized capital stock from P1.0 billion divided into 10.0 million shares with a par value of P100 per share to P2.0 billion divided into 20.0 million shares with a par value of P100 per share. On the same date, the University's BOT approved the declaration of 40% stock dividends (see Note 23.3).

The increase in authorized capital stock and declaration of stock dividends were ratified by the stockholders representing at least 2/3 of FEU's total outstanding shares during the University's annual stockholders' meeting on August 27, 2011 and was subsequently approved by the SEC on November 2, 2011.

On July 11, 1986, the SEC approved the listing of the University's shares totaling 199,272,368. The shares were initially issued at an offer price of P100 per share. As of March 31, 2012, there are 4,785,564 holders of the listed shares apart from the University and its related parties, equivalent to 34.85% of the total outstanding shares. Such listed shares closed at P960 per share as of March 31, 2012.

23.2 Prior Period Adjustments and Reclassification

a. Prior period Adjustments

In 2012, the Group restated its prior years' consolidated financial statements to record the retrospective change in revenue recognition arising from the change in accounting policy for trust funds. The adjustments made to retained earnings as of April 1, 2011, 2010 and 2009 amounted to P19.8 million, P24.7 million, and P15.5 million, respectively.

In years prior to 2012, the University recorded collections on certain assessed tuition fees under the caption Trust Funds (liability account). As discussed in Note 16, these funds were set aside for specific educational purposes and were considered specifically allocated to identified and defined institutional activities. The amount of collected trust funds were directly reduced by the amount of disbursement for expenses or capital assets. The expenses incurred or capital assets purchased during a certain period were not recorded in the corresponding operating expenses for the period or asset acquisition for that year instead were directly made as a reduction of the trust funds liability account. Any undisbursed fund at the end of the year were recognized as revenues as determined by management when no continuing obligation restricts such fund for future use. Such accounting policy was established as the Group believes such funds were restricted and were spent for specific educational purposes only.

In 2012, management has decided to change the accounting policy based on current prevailing industry practice, wherein tuition and all other school fees assessed from students are recognized as revenues over the corresponding school term. As a result of this change, the Group recognized the amount of capital expenditures and expenses incurred that were not previously reflected in the books.

The effect on Unappropriated Retained Earnings account as of April 1, 2011, 2010 and 2009 are as follows:

	2011	2010	2009
As previously reported	P 899,731,613	P 732,136,302	P 1,068,447,399
To add back net book value of previous direct disbursements from trust funds upon restatement at the beginning of the period as capital assets	19,843,899	24,707,794	15,467,685
As restated	P 919,575,512	P 756,844,096	P 1,083,915,084

The Group sets aside an amount of cash and cash equivalents equal to the outstanding balance of trust funds at the end of each year, presented as part of Other Current Assets in the consolidated statements of financial position. Corollary to the change in accounting policy, the restricted cash and cash equivalents were reclassified to Cash and Cash Equivalents account in the 2011 and 2010 consolidated statements of financial position as the restated balances of trust funds as of March 31, 2011 and 2010 are nil.

b. Reclassifications

As discussed in Note 2.1, in 2012, the Group reclassified certain consolidated statement of financial position accounts in 2011 to conform with the 2012 consolidated financial statements presentation. The summary of accounts and net balances that were reclassified to AFS Investments account follows:

Cash equivalents	(P 44,390,336)
Loans receivables	(16,331,155)
Other receivables	(9,250,771)
Accrued interest	(8,148,207)
Withholding and other taxes payable	21,712,595
Accrued expenses	1,260,081
	P 55,147,793

The restatements of financial position items as of March 31, 2011 and 2010 to reflect the prior period adjustment and the reclassifications as described in the foregoing resulted in the following:

	Notes	As Previously Reported	Effects of Prior Period Adjustments and Reclassifications	As Restated
April 1, 2011				
Changes in assets:				
Cash and cash equivalents	7	P 418,324,238	(P 38,995,698)	P 379,328,540
Receivables – net	8	518,305,653	(33,730,132)	484,575,521
Available-for-sale investments	9	1,235,981,681	55,147,794	1,291,129,475
Other current assets		70,014,432	(5,394,648)	64,619,784
Property and equipment – net	13	1,629,565,811	19,843,899	1,649,409,710
		3,872,191,815	(3,128,785)	3,869,063,030
Changes in liabilities:				
Accounts payable and other liabilities	14	359,638,794	(26,327,686)	333,311,108
Trust funds	16	5,394,703	(5,394,703)	-
Deferred income	17	51,955,356	8,749,705	60,705,061
		416,988,853	(22,972,684)	394,016,169
		P 3,455,202,962		P 3,475,046,861
Total adjustments on Retained Earnings			**P 19,843,899**	
April 1, 2010				
Changes in assets:				
Cash and cash equivalents	7	P 468,148,054	P 43,970,750	P 512,118,804
Other current assets		128,520,280	(43,970,750)	84,549,530
Property and equipment – net	13	1,207,576,778	24,707,794	1,232,284,572
		1,804,245,112	24,707,794	1,828,952,906
Changes in liabilities:				
Accounts payable and other liabilities	14	448,785,148	(12,292,818)	436,492,330
Trust funds	16	43,970,750	(43,970,750)	-
Deferred income	17	2,715,463	56,263,568	58,979,031
		495,471,361	-	495,471,361
		P 1,308,773,751		P 1,333,481,545
Total adjustments on Retained Earnings			**P 24,707,794**	

The restatements of profit or loss accounts arising from the change in accounting policy on trust funds for the years ended March 31, 2011 and 2010 are as follows:

	Notes	As Previously Reported	Effects of Prior Period Adjustments and Reclassifications	As Restated
2011				
Educational revenues	17	P 1,883,374,188	P 190,040,935	P 2,073,415,123
Operating expenses	18	1,267,720,935	194,904,830	1,462,625,765
Operating income		615,653,253	(4,863,895)	610,789,358
Other income – net	8, 11 12, 19	144,733,151	-	144,733,151
Profit before tax		760,386,404	(4,863,895)	755,522,509
Tax expense	21	100,269,179	-	100,269,179
Net profit		P 660,117,225	(P 4,863,895)	P 655,253,330
2010				
Educational revenues	17	P 1,770,305,391	P 143,478,715	P 1,913,784,106
Operating expenses	18	1,186,449,354	134,238,606	1,320,687,960
Operating income		583,856,037	9,240,109	593,096,146
Other income – net	8, 11, 12, 19	320,539,539	-	320,539,539
Profit before tax		904,395,576	9,240,109	913,635,685
Tax expense	21	126,699,737	-	126,699,737
Net profit		P 777,695,839	P 9,240,109	P 786,935,948

The restatements on cash flows arising from the change in accounting policy on trust funds for the years ended March 31, 2011 and 2010 are as follows:

	Notes	As Previously Reported	Effects of Prior Period Adjustments and Reclassifications	As Restated
2011				
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 760,386,404	(P 4,863,895)	P 755,522,509
Adjustments for:				
Interest income	19.1	(155,324,259)	-	(155,324,259)
Depreciation and amortization	12, 13	81,719,829	23,684,280	105,404,109
Fair value gain on financial assets at FVTPL	9	(8,456,381)	-	(8,456,381)
Unrealized foreign exchange losses	19.2	2,967,193	805,032	3,772,225
Share in net losses of an associate and a joint venture	11	3,303,203	-	3,303,203
Operating profit before working capital changes		684,595,989	19,625,417	704,221,406
Decrease (increase) in receivables		52,842,987	33,730,132	(19,112,855)
Decrease in real estate held-for-sale		1,610,028	-	1,610,028
Decrease (increase) in other assets		23,661,464	(38,576,111)	(14,914,647)
Increase in accounts payable and other liabilities		(100,021,826)	(14,034,868)	(114,056,694)
Decrease in trust funds		(38,576,057)	38,576,057	-
Decrease in deferred income		49,239,894	(47,513,864)	1,726,030
Decrease in non-current liabilities		(1,170)	-	(1,170)
Cash generated from operations		567,665,335	(8,193,237)	559,472,098
Income taxes paid		(93,883,448)	-	(93,883,448)
Net Cash From Operating Activities		473,781,887	(8,193,237)	465,588,650
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	12, 13	(483,921,081)	(18,820,385)	(502,741,466)
Increase in AFS investments	9	(294,608,821)	(58,392,194)	(353,001,015)
Decrease in loans receivable	8	312,968,845	-	312,968,845
Interest received		147,040,121	-	147,040,121
Decrease in HTM investments	3	20,000,000	-	20,000,000
Net Cash Used in Investing Activities		(383,146,094)	(77,212,579)	(305,933,515)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	23.3	(288,546,079)	-	(288,546,079)
Payment of notes payable	15	(3,371,495)	-	(3,371,495)
Net Cash Used in Financing Activities		(291,917,574)	-	(291,917,574)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(2,967,193)	2,439,368	(527,825)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(49,823,816)	(82,966,448)	(132,790,264)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		468,148,054	43,970,750	512,118,804
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 418,324,238	(P 38,995,698)	P 379,328,540

	Notes	As Previously Reported	Effects of Prior Period Adjustments	As Restated
2010				
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 904,395,575	P 9,240,110	P 913,635,685
Adjustments for:				
Gain on sale of investment property	12	(211,609,170)	-	(211,609,170)
Interest income	19.1	(110,665,596)	-	(110,665,596)
Depreciation and amortization	12, 13	58,378,201	17,410,819	75,789,020
Unrealized foreign exchange losses	19.2	3,482,984	-	3,482,984
Share in net losses of an associate and a joint venture	11	53,987	-	53,987
Operating profit before working capital changes		644,035,981	26,650,929	670,686,910
Increase in receivables		(108,764,370)	-	(108,764,370)
Increase in real estate held-for-sale		6,684,654	-	6,684,654
Decrease (increase) in other assets		(32,672,920)	43,970,749	11,297,829
Increase in accounts payable and other liabilities		170,354,237	(70,783,460)	99,570,777
Decrease in trust funds		(14,519,892)	14,519,892	-
Decrease in deferred income		(73,839,642)	56,263,568	(17,576,074)
Decrease in non-current liabilities		4,792,978	-	4,792,978
Cash generated from operations		596,071,026	70,621,678	666,692,704
Income taxes paid		(87,960,278)	-	(87,960,278)
Net Cash From Operating Activities		508,110,748	70,621,678	578,732,426
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in loans receivable	8	(477,000,000)	-	(477,000,000)
Acquisitions of property and equipment	12, 13	(431,849,189)	(26,650,928)	(458,500,117)
Increase in AFS investments	9	(134,594,195)	-	(134,594,195)
Interest received		108,937,577	-	108,937,577
Proceeds from sale of investment property	12	100,000,000	-	100,000,000
Investment made to a JV under registration	11	(6,250,000)	-	(6,250,000)
Net Cash Used in Investing Activities		(840,755,807)	(26,650,928)	(867,406,735)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	23.3	(365,479,906)	-	(365,479,906)
Payment of notes payable	15	(3,103,359)	-	(3,103,359)
Net Cash Used in Financing Activities		(368,583,265)	-	(368,583,265)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(3,482,984)	-	(3,482,984)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(704,711,308)	43,970,750	(660,740,558)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,172,859,362	-	1,172,859,362
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 468,148,054	P 43,970,750	P 512,118,804

23.3 Retained Earnings

Significant transactions affecting Retained Earnings account, which is also restricted at an amount equivalent to the cost of treasury shares of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

Appropriated Retained Earnings consists of appropriations for:

	Note	**2012**	2011	2010
Property and investment acquisition		**P 1,320,000,000**	P 1,200,000,000	P 1,000,000,000
Expansion of facilities		**240,000,000**	395,000,000	599,333,335
General retirement		**65,000,000**	65,000,000	57,000,000
Contingencies	25.3, 25.4	**50,000,000**	50,000,000	15,032,582
Purchase of equipment and improvements		**39,770,000**	140,000,000	-
Treasury shares		**3,733,100**	3,733,100	3,733,100
		P 1,718,503,100	P 1,853,733,100	P 1,675,099,017

The changes in the appropriated retained earnings are shown below.

	2012	2011	2010
Balance at beginning of year	**P 1,853,733,100**	P 1,675,099,017	P 975,099,017
Reversal of appropriations	**(1,735,000,000)**	(379,333,335)	(300,000,000)
Appropriations during the year	**1,599,770,000**	557,967,418	1,000,000,000
Balance at end of year	**P 1,718,503,100**	P 1,853,733,100	P 1,675,099,017

In 2012, the University appropriated for property and investment acquisition, expansion of facilities and purchase of equipment and improvements amounting to P1.3 billion, P240.0 million and P39.8 million, respectively, which management expects to utilize within one year from the end of the reporting period. Also in 2012, the University reversed the previous appropriation for property and investment acquisition, expansion of facilities and purchase of equipment amounting to P1.7 billion as the planned investment and acquisition of property, expansion of facilities and purchase of equipment transpired in 2012.

In 2010, the University appropriated P1.0 billion for property and investment acquisition and reversed P300.0 million relating to expansion of facilities. In 2011, the University reversed the appropriation for expansion of facilities and purchase of equipment amounting to P379.3 million and appropriated an amount of P557.9 million for expansion and acquisition of facilities and contingencies.

(b) Dividend Declaration

The BOT approved the following dividend declarations in 2012, 2011 and 2010:

	Date of Declaration	Date of Record	Date of Payment	Amount
2012				
Cash dividend of P15 per share	June 21, 2011	July 6, 2011	July 20, 2011	P 147,126,770
40% stock dividend equivalent to 3,922,855 shares	July 19, 2011	November 22, 2011	December 19, 2011	392,285,500
524 fractional shares paid out in cash at P100 per share				52,370
Cash dividend of P12 per share	January 17, 2012	February 15, 2012	February 15, 2012	164,775,636
				P 704,240,276
2011				
Cash dividend of P15 per share	July 6, 2010	July 20, 2010	July 30, 2010	P 147,126,720
Cash dividend of P15 per share	December 14, 2010	January 3, 2011	January 17, 2011	147,126,720
				P 294,253,440
2010				
Cash dividend of P15 per share	June 19, 2009	July 6, 2009	July 20, 2009	P 147,126,720
Cash dividend of P15 per share	December 15, 2009	January 8, 2010	January 25, 2010	147,126,720
				P 294,253,440

Unpaid dividends as of March 31, 2012, 2011 and 2010 are presented as Dividends payable under Accounts Payable and Other Liabilities account in the consolidated statements of financial position (see Note 14).

24. EARNINGS PER SHARE

EPS amounts were computed as follows:

	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Net profit attributable to owners of the parent company	**P 719,303,686**	P 635,618,939	P 667,182,452
Divided by weighted average number of shares outstanding, net of treasury stock of 37,331 shares	**13,731,303**	13,731,303 *	13,731,303 *
Basic and diluted EPS	**P 52.38**	P 46.29	P 48.59

** Restated after giving retroactive effect on the stock dividends declared on December 16, 2011.*

The weighted average number of shares outstanding as of March 31, 2012, 2011 and 2010 is computed as follows:

	Number of Shares	Months Outstanding	Weighted Number of Shares
Balance at beginning of year	9,808,448	12	117,701,376
Stock dividends	3,922,855	12	47,074,260
Balance at end of year	13,731,303		164,775,636
Divided by total months in 2012			12
Weighted average number of shares outstanding			13,731,303

As required by PAS 33, *Earnings per Share*, paragraph 28, retrospective adjustment to the earliest period presented was made on EPS as if the stock dividends declared on December 19, 2011 occurred at the beginning of 2010. This adjustment was made to present comparative information but the amount of weighted average number of shares is not the actual amount and number of shares outstanding as of March 31, 2011 and 2010 (see Note 23.1).

The University has no dilutive potential common shares as of March 31, 2012, 2011 and 2010, hence the diluted EPS is same as basic EPS in all the years presented.

25. COMMITMENTS AND CONTINGENCIES

25.1 Purchase of Condominium Unit

As discussed in Note 15, FRC acquired condominium units which are still under construction. Future payments under this contract are presented as Notes Payable in the consolidated statements of financial position.

	2012	2011	2010
Within one year	**P 6,280,555**	P 4,103,706	P 4,103,706
After one year but not more than five years	**8,340,766**	3,419,756	7,523,460
	P 14,621,321	P 7,523,462	P 11,627,166

25.2 Operating Lease Commitments – Group as Lessor

As discussed in Notes 8 and 22.2, the Group leases out certain buildings to EAEF, FERN College and ICF-CCE, Inc. for varying periods. The Group also leases out certain land and buildings to several non-related parties for a period of one to ten years.

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2012, 2011, and 2010 are as follows:

	2012	2011	2010
Within one year	**P 69,315,406**	P 54,599,651	P 42,134,935
After one year but not more than five years	**209,296,168**	156,752,077	120,259,104
More than five years	**-**	16,254,813	60,129,552
	P 278,611,574	P 227,606,541	P 222,523,591

25.3 Legal Claims

The University is a respondent in a civil case for collection of sum of money and damages filed by a certain construction company. The claims arose from the construction of the University's school buildings. The regional trial court dismissed the complaint against the University for lack of merit in its decision dated August 26, 2010. The plaintiff filed a Notice of Appeal to the Court of Appeals (CA) and is now being raffled to a division of the CA.

As of March 31, 2010, the University is a defendant in certain civil cases which are pending in the local courts, certain illegal dismissal cases pending before the National Labor Relations Commission, and a class suit for damages by certain students which is pending before the Court of Appeals. In 2011, the University was granted with a favorable decision on these legal cases.

The University's management and its legal counsel believe that liabilities, if any, which may result from the outcome of these cases, will not materially affect the financial position and results of operations of the University. However, the University has appropriated portion of its retained earnings for the occurrence of this type of contingencies (see Note 23.3).

25.4 Others

There are other contingencies that arise in the normal course of business that are not recognized in the consolidated financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect the consolidated financial statements, however, the Group opted to generally appropriate portion of its retained earnings to cover for such contingencies (see Note 23.3).

26. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt, net of deferred tax liabilities, divided by total equity. Capital for the reporting period March 31, 2012, 2011 and 2010 under review is summarized as follows:

	2012	2011 (As restated – see Note 23.2)	2010 (As restated – see Note 23.2)
Total liabilities	**P 501,535,863**	P 474,444,640	P 603,172,331
Less: Deferred income	**31,922,493**	60,705,061	58,979,031
Deferred tax liabilities	**12,760,404**	14,805,270	13,822,482
	44,686,897	75,510,331	72,801,513
Total debt	**456,852,966**	398,934,309	530,370,818
Total equity attributable to owners of the parent company	**4,245,051,820**	3,774,804,257	3,420,645,475
Debt-to-equity ratio	**0.11 : 1.00**	0.11 : 1.00	0.16 : 1.00

The Group is not subject to any externally-imposed capital requirements.

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

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There has been no recent change in and disagreement with Accountants on accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION

Item 9. Trustees and Executive Officers

Name	Ages	Citizenship	Position
Lourdes R. Montinola	84	Filipino	Chair, Board of Trustees
Aurelio R. Montinola III	60	Filipino	Vice Chair, Board of Trustees
Lydia B. Echauz	64	Filipino	President/Trustee
Angelina P. Jose	59	Filipino	Corporate Secretary/Trustee
Paulino Y. Tan	66	Filipino	Trustee
Gianna R. Montinola	54	Filipino	Trustee
Renato L. Paras	86	Filipino	Trustee
Robert F. Kuan	63	Filipino	Independent Trustee
Sherisa P. Nuesa	57	Filipino	Independent Trustee
Miguel M. Carpio	56	Filipino	Vice President for Special Projects
Rudy M. Gaspillo	57	Filipino	Vice President for Facilities and Technical Services
Maria Teresa Trinidad P. Tinio	46	Filipino	Senior Vice President for Academic Affairs
Juan Miguel R. Montinola	51	Filipino	Chief Finance Officer
Herminia I. Maliwat	63	Filipino	Treasurer
Glenn Z. Nagal	54	Filipino	Comptroller/Compliance Officer

TRUSTEES AND EXECUTIVE OFFICERS:

1. **Lourdes R. Montinola, 84, Filipino: Chair of the Board of Trustees of Far Eastern University, Inc. (June 1989 to present)**

   Other Corporate Affiliations: Chair, Board of Directors, FERN Realty Corporation; Chair and President, FEU Educational Foundation, Inc.; Chair, Nicanor Reyes Educational Foundation; Chair, Executive Committee, Far Eastern University, Inc.; Chair, Far Eastern College Silang; Governor, Nicanor Reyes Memorial Foundation and Trustee, FEU-Dr. Nicanor Reyes Medical Foundation.

   Dr. Montinola holds a Bachelor of Arts degree (*cum laude*) from Marymount College, New York, U.S.A., and an M.A. in Cultural History from the Asean Graduate Institute of Arts. She completed the Management Development Program for College and University Administrators in the Institute for Educational Management, Graduate School of Education, Harvard University, U.S.A. She obtained her Ph.D. in English: Creative Writing from the University of the Philippines.

2. **Aurelio Montinola III, 60, Filipino: Vice Chairman of the Board of Trustees, Far Eastern University, Inc. (June 1989 to present)**

   President and Chief Executive Officer of Bank of the Philippine Islands. His other affiliations, among others, include: Chairman of the Board of Directors of Amon Trading Corporation; Vice Chairman of the Board of Directors of Republic Cement Corporation; Chairman of East Asia Educational Foundation, Inc.; Regional Board of Advisers, MasterCard International; Director, Ayala Land, Inc.; President, BPI Foundation, Inc.; Member, Makati Business Club; and Member, Management Association of the Philippines.

   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.

3. **Lydia B. Echauz, 64, Filipino: President (June 2003 to present); Acting President (September 2002 to May 2003) and Member of the Board of Trustees, Far Eastern University, Inc. (1999 to present)**

   Appointed Acting President of Far Eastern University in September 2002, and since June 2003, President; FEU-East Asia College; President, FEU-FERN College; President, FEU East Asia Educational Foundation, Inc.; in 2010 President, Far Eastern College Silang. Since 2002, Member, Board of Directors of FERN Realty Corporation and Governor, Nicanor Reyes Memorial Foundation. She is past President and current Director of the Association of Southeast Asian Institutes of Higher Learning – Philippine Council; Director of the Philippine Association of Colleges and Universities; Director, Coordinating Council of Philippine Educational Associations; and former Governor and current Member of the Management Association of the Philippines. She was Dean of the Graduate School of Business, De La Salle University Professional Schools, Inc. (1986 - 2002) and Program Coordinator (1985 - 1986); former Associate Director (last position) of the MBA Program, Ateneo de Manila University Graduate School of Business (1980 - 1985); also Associate Professor (last rank) of the College of Business Administration, University of the East (1968 - 1980).

Dr. Echauz is a Bachelor of Arts, major in Economics and Mathematics from St. Theresa's College, MBA from Ateneo de Manila University, and DBA from De La Salle University, and awarded by various organization Outstanding Alumna of all three educational institutions, Outstanding Bulakeña, Manilan, Filipino, and Mother.

4. Angelina Palanca Jose, 59, Filipino: Trustee (1990 to present) and Corporate Secretary, Far Eastern University, Inc. (1998 to present)

Other Corporate Affiliations: Member, Board of Directors, FERN Realty Corporation; Secretary, Treasurer and Trustee, Nicanor Reyes Educational Foundation; Corporate Secretary and Trustee, FEU Educational Foundation Inc.; Corporate Secretary and Governor, Nicanor Reyes Memorial Foundation; Member, Executive Committee, Far Eastern University, Inc.; Corporate Secretary, Far Eastern College Silang and Member, Board of Trustees, Ahon Sa Hirap, Inc.

Ms. Jose obtained her Bachelor of Science degree, major in Economics, from the University of the Philippines (Dean's Medal).

5. Paulino Y. Tan, 66, Filipino: Trustee, Far Eastern University, Inc. (1991 to present)

Other Business Experience: President of Asia Pacific College; IT Services Consultant, SM (Shoemart) Inc. 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, Foundation for Upgrading the Standard of Education (FUSE), SM (Shoemart) Foundation, Inc., Asia Pacific Technology Educational Foundation, FERN Realty Corporation and Far Eastern College Silang.

Dr. Tan obtained the Degree of Bachelor in Science in Chemical Engineering (*summa cum laude*) from De La Salle University. He obtained both his M.S. and Ph.D. in Chemical Engineering from the University of Notre Dame, Indiana, U.S.A.

6. Gianna R. Montinola, 54, Filipino: Trustee of Far Eastern University, Inc. (1989 to 1993 and 1996 to present)

Concurrently Director and Corporate Secretary of FERN Realty Corporation and Consultant for Marketing and Communications of Far Eastern University. A lawyer by profession, she was connected with the Quisumbing, Torres and Evangelista Law Office (an affiliate of the Baker & McKenzie Law Office, U.S.A.) from 1986 to 1992. She served as Philippine Honorary Consul to the Republic of Peru from 1992 to 1996, and joined the Marketing and Business Development departments of Rockwell Land Corporation from 1996 to 1998. She is a member of the Board of Directors and Corporate Secretary of Amon Trading Corporation and a Director of Robinsons True Serve Hardware Phils, Inc. She is also a co-founder of non-profit organizations Hands On Manila Foundation, Inc. and PeaceTech, Inc.

She obtained her Bachelor of Arts degree in International Relations from Mount Holyoke College, USA and a Bachelor of Laws (Ll.B.) degree, with honors, from the Ateneo de Manila College of Law.

7. Renato L. Paras, 86, Filipino: Trustee of Far Eastern University, Inc. (1989 to 1991 and 2002 to present)

Other Corporate Affiliations: Chair of CHEMREZ Technologies and of Philippine Ratings; Vice Chair of CIBI Foundation and East Asia Educational Foundation, Inc. He is also a member of the Board of Directors/Trustees of the following: FERN Realty Corporation, CIBI Information, Inc., Insular Life Health Care and was Regional Treasurer of World Scouts Organization for 20 years. Dr. Paras was a member of the Central Bank Monetary Board, was also Board Director and CFO of Procter & Gamble Philippines, and Consultant on Internal Auditing to CFO of San Miguel Corporation.

Dr. Paras is a Certified Public Accountant. He topped the CPA Board Exam in 1948. He finished his Bachelor of Science in Accountancy in FEU in 1949 (*summa cum laude*), and earned his Master of Science in Accountancy at Columbia University in New York as an FEU scholar. He took up an Advanced Management Program conducted by the Harvard Graduate School of Business Faculty. In the year 2000, he was conferred an honorary degree of Doctor of Humanities by FEU. He is listed in the Accountancy Hall of Fame.

8. Robert F. Kuan, 63, Filipino: Independent Trustee of Far Eastern University, Inc. (2004 to present)

Other Business Affiliations: Trustee (1989 - present), St. Luke's Medical Center, Quezon City, (Chairman, 1996-2011); Trustee (2009 – present), St. Luke's Medical Center, Global City, Inc. (Chairman, 2009-2011); Trustee, St. Luke's College of Medicine–William H. Quasha Memorial; Trustee, Brent International School of Manila; Chairman, Brent International School Baguio, Inc.; Trustee, Brent International School Subic, Inc.; Chairman, Brent International School, Inc.; Chairman, St. Theodore of Tarsus Hospital in Sagada, Inc.; Independent Director, China Banking Corporation; Independent Director, China Bank Savings, Inc.; Founder/President, Chowking Food Corporation (1985 - 2000); Independent Director, Far Eastern College Silang and Director, SEAOIL Philippines, Inc.

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 Ten Outstanding Filipino (TOFIL) Awardee in 2003 in the field of Business & Entrepreneurship; Agora Awardee for Entrepreneurship; Triple-A Awardee of AIM; and Outstanding Alumnus of the University of the Philippines (UP) in the field of Business in 1998 and Distinguished Alumnus of the College Of Business Administration of the University of the Philippines 2007.

9. Sherisa P. Nuesa, 57, Filipino: Independent Trustee of Far Eastern University, Inc. (2010 to present)

Sherisa P. Nuesa is formerly a Managing Director of conglomerate Ayala Corporation. To date, she is a Member of the Boards of Directors of: Far Eastern University, Inc., Blackhorse Emerging Enterprises Fund (Singapore), PsiTechnologies and ALFM Mutual Funds. She is also a Board Member of the Institute of Corporate Directors (ICD) and the Financial Executives Institute of the Philippines (FINEX).

From January 2009 to July 2010, she was seconded to Integrated Micro-electronics, Inc. (IMI) as CFO and Senior Managing Director, also concurrently Chief Administrative Officer.

Previous to the IMI assignment, she was the CFO of Manila Water Company (MWC) for nine (9) years up to Dec. 2008, where she was instrumental in the company's successful Initial Public Offering (IPO). In 2008, she was voted ING-Finex (Financial Executives Institute of the Philippines) CFO of the Year.

Her past assignments in the Ayala Group included being a member of the Senior Management Committee of Ayala Land up to 1999, where she was Head of the Commercial Centers Group and previously the Group Comptroller. She also served as a Board Member of various Ayala Land subsidiaries.

Ms. Nuesa has several successful IPO's to her credit, playing a lead role in the IPO's of Ayala Land, Inc. (ALI), Cebu Holdings, Inc. (CHI), Cebu Property Ventures & Development Corporation (CPVDC), Manila Water Corporation (MWC), as well as the PSE listing of Integrated Micro-electronics, Inc. (IMI).

Ms. Nuesa graduated Summa Cum Laude from the Far Eastern University (Institute of Accounts, Business and Finance) in 1974. She holds a Master in Business Administration (MBA) degree from the Ateneo-Regis Graduate School of Business. In 1991, she attended the Financial Management Program for Executives, at Stanford University in California and in 1999, She completed the three-month Advanced Management Program of the Harvard Business School for senior executives, in Boston, Massachusetts.

She was installed in the Society of Fellows (Professional Directorship Program) of the Institute of Corporate Directors, Philippines in 2011.

She has been a speaker in various local and regional conferences in the areas of finance, real estate, water/infrastructure, and corporate governance.

10. Maria Teresa Trinidad P. Tinio, 46, Filipino: Senior Vice President for Academic Affairs, Far Eastern University (2011-present)

Ph.D. Southeast Asian Studies, National University of Singapore, Master of English, major in Literature and Cultural Studies, Ateneo de Manila University, AB Humanities, Ateneo de Manila University. She also earned academic units in the Master of Liberal Arts, New School for Social Research, New York City.

Publications include contributions to the *CCP Encyclopaedia of the Arts, the ACELT Journal, Pantas, the Loyola Schools Review, Philippine Studies* and an essay in the forthcoming *The Politics of English in Asia: Language Policy and Cultural Expression in South and Southeast Asia and the Asia Pacific* published by John Benjamins (The Netherlands)

11. Miguel M. Carpio, 56, Filipino: Vice President for Academic Services, Far Eastern University, Inc. (2010 to present)

Other Professional Experience: Founding member/incorporator and currently Vice President for Administration, UST College of Architecture Alumni Association; Scribe, College of Fellows - United Architects of the Philippines (UAP); Council of Advisers, UAP Sta. Mesa Chapter; Member, Philippine Institute of Environmental Planners; Member, National Real Estate Association, Inc.; Member, Council of Architectural Researchers and Educators; Chairman, CHED Technical Committee on Architecture Education and Member, Regional Assessment Team for Architecture Education (2008 - 2010); Executive Director, Commission on Education of the UAP (2002 - 2004); President of the Council of Deans and Heads of Architecture Schools in the Philippines or CODHASP (2003 - 2005); Secretary, National Committee on Architecture and Allied Arts of the National Commission on Culture and the Arts (NCAA) (2003 - 2007); Dean, FEU Institute of Architecture and Fine Arts (November 2000 - March 2008); Executive Director, FEU Center for Studies on the Urban Environment or FEU-SURE (2000 - 2002).

Arch./Environmental Planner Miguel Carpio is a Ph.D. in Development Studies, University of Santo Tomas, Master of Environmental Management and Development, Australian National University, Canberra, Australia, and Bachelor of Science in Architecture, University of Santo Tomas. He also earned academic units in the Masters in Urban and Regional Planning from the University of the Philippines.

12. Rudy M. Gaspillo, PME, M. Eng., 57, Filipino: Vice President for Facilities and Technical Services, Far Eastern University, Inc. (2010 to present)

Other Business Affiliations: International Member, National Fire Protection Association (NFPA), American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE); Life Member, Philippine Society of Ventilating, Air Conditioning and Refrigerating Engineers (PSVARE) and Life Member, Philippine Society of Mechanical Engineers (PSME) Makati Chapter.

He graduated with a degree of Bachelor of Science in Mechanical Engineering from the University of Negros Occidental – Recoletos and earned his Master of Engineering from the University of the Philippines. Ranked 8th place in the Board Examination for Mechanical Engineers in August 1977. Licensed Professional Mechanical Engineers. NFPA Certified Fire Protection Specialist.

13. Juan Miguel R. Montinola, 51, Filipino: Chief Finance Officer, Far Eastern University, Inc. (2010 to present)

Other Corporate Affiliations: Assistant Corporate Secretary, FERN Realty Corporation; Treasurer, East Asia Computer Center, Inc. and East Asia Educational Foundation, Inc.; Treasurer and Member, Nicanor Reyes Memorial Foundation, Inc.; Treasurer and Trustee, FEU Educational Foundation, Inc.; Member, Executive Committee and Board of Directors of Far Eastern College Silang; Board Member, AMON Trading Corp. and Uplift.

Mr. Montinola was Chief Executive Officer and Country Manager of Lafarge Cementi SA, Italy, from 2006 to 2008 and President and CEO of Republic Cement Corporation from 1996 to 2006. During this period he served concurrently as Senior Vice President for Commercial Business from 2002 to 2006, and SVP for Procurement from 2001 to 2002 of Lafarge Cement Services, Inc.

Prior to 1996, Mr. Montinola held various positions in Republic Cement Corporation and served as a member of the Board of Directors in different organizations.

Mr. Montinola has an MBA from IMD, Switzerland, and an AB Economics degree from College of William & Mary, Virginia, USA.

14. Herminia I. Maliwat, 63, Filipino: Treasurer, Far Eastern University, Inc. (1998 to present)

Ms. Maliwat is a Certified Public Accountant. She obtained her BS in Accounting, *cum laude,* from the University of the East.

Before joining FEU, she worked as Chief Accountant for 10 years and Instructor for eight years at the College of the Holy Spirit, as Administrative and Finance Officer for 16 years at the Asia Foundation, and as External Auditor for 10 years at the Mother Edelwina Educational Foundation. She also served as Executive Director of the FEU Educational Foundation for three years and as 2007 - 2008 Committee Chairperson on special projects of the Philippine Institute of Certified Public Accountants (PICPA).

15. Glenn Z. Nagal, 54, Filipino: Comptroller/Compliance Officer, Far Eastern University, Inc. (1996 to present)

Work experience: External Auditor, Carlos J. Valdes and Company; Examiner, Central Bank of the Philippines; Internal Audit Manager, Far Eastern University; Chief Accountant and Budget Director, Far Eastern University; and Accounting Professor, Far Eastern University.

A Certified Public Accountant by profession, Mr. Nagal graduated with the degree of Bachelor of Science in Commerce, major in Accounting from Far Eastern University.

The term of office of a Trustee is one (1) year or until his/her successor is elected and qualified. The members of the Board of Trustees of the Corporation are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting, up to the time their respective successors shall have been elected and qualified.

The officers are appointed or elected annually by the Board of Trustees at its organizational meeting, each to hold office until the corresponding meeting of the Board the following year or until a successor shall have been elected, appointed and qualified.

<u>Significant Employees</u>

The corporation considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the corporation's goals and objectives.

<u>Family Relationships</u>

The Chair, Dr. Lourdes R. Montinola, is the mother of Mr. Aurelio R. Montinola III and Atty. Gianna R. Montinola, all of whom are members of the Board of Trustees. Likewise, she is the mother of Mr. Juan Miguel R. Montinola, Chief Finance Officer.

Item 10. Executive Compensation

Name	Principal Position	April 1/2010 to March 31/2011	April 1/2011 to March 31/2012	April 1/2012 to March 31/2013
Lourdes R. Montinola	Chair, Board of Trustees			
Lydia B. Echauz	Trustee/President			
Angelina P. Jose	Trustee/Corporate Secretary			
Fe v. Canilao [1]	Chief Financial Officer			
Juan Miguel R. Montinola[2]	Chief Finance Officer			
Maria Teresa Trinidad P. Tinio[5]	SVP – Academic Affairs			
Cecilia I. Anido[4]	VP – Academic Affairs			
Miguel M. Carpio	VP – Academic Services			
Elizabeth P. Melchor[3]	VP – Planning and Development			
Rudy M. Gaspillo	VP – FTS			
Herminia I. Maliwat	Treasurer			
Severino M. Garcia[6]	Compliance Officer			
Glenn Z. Nagal	Compliance Officer[7] and Comptroller			
		₱66,092,897.38	₱66,962,955.36	₱71,959,991.79

Note:

[1]Retired on September 16, 2010
[2]Effective September 16, 2010
[3]Retired on January 1, 2011
[4]Retired effective June 1, 2011
[5]Effective June 1, 2011
[6]Retired effective September 1, 2011
[7]Effective September 1, 2011

The compensation above presented are actual for the last two (2) completed fiscal years and the estimate for the ensuing fiscal year ending March 31, 2013. Aggregate amount is ₱205,015,844.53.
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Compensation of Directors

A. Standard Arrangement

The members of the Board of Trustees of the corporation are receiving gas allowances for regular board/special board meetings attended. They are also entitled to bonuses at the end of the fiscal year at the discretion of the Board, while the officers of the corporation are entitled to basic salaries, fringe benefits, and also bonuses at the discretion of the Board.

B. Other Arrangement

There are no other material terms or conditions of employment for contractual executive officers.

Voting Trust Holders

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

No information is available on all outstanding warrants or options held by the members of the Board of Trustees and officers of the corporation.

Summary Compensation Table

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Lourdes R. Montinola Chair, Board of Trustees	- x -	- x -	- x -	- x -
Lydia B. Echauz Trustee/President	- x -	- x -	- x -	- x -
Angelina P. Jose Trustee/Corporate Secretary	- x -	- x -	- x -	- x -
Fe V. Canilao Chief Financial Officer[1]	- x -	- x -	- x -	- x -
Juan Miguel R. Montinola Chief Finance Officer[2]	- x -	- x -	- x -	- x -
Maria Teresa Trinidad P. Tinio SVP-Academic Affairs[5]	- x -	- x -	- x -	- x -
Cecilia I. Anido VP-Academic Affairs[4]	- x -	- x -	- x -	- x -
Elizabeth P. Melchor VP-Planning and Development[3]	- x -	- x -	- x -	- x -
Miguel M. Carpio VP-Academic Services	- x -	- x -	- x -	- x -
Rudy M. Gaspillo VP-Facilities and Technical Services	- x -	- x -	- x -	- x -
Severino M. Garcia Compliance Officer[6]	- x -	- x -	- x -	- x -
Herminia I. Maliwat Treasurer	- x -	- x -	- x -	- x -
Glenn Z. Nagal Compliance Officer[7]/Comptroller	- x -	- x -	- x -	- x -
Grand Total	2010-2011	₱49,046,427.10	₱17,046,470.28	- x -
	2011-2012	50,564,163.42	16,398,791.94	- x -
	2012-2013 (est.)	54,609,296.50	17,350,695.29	- x -

Note:

[1]Retired on September 16, 2010
[2]Effective September 16, 2010
[3]Retired on January 1, 2011
[4]Retired effective June 1, 2011
[5]Effective June 1, 2011
[6]Retired effective September 1, 2011
[7]Effective September 1, 2011

Item 11. Security Ownership of Certain Beneficial Owners and Management

Beneficial Owners of More Than 5% and 10% Securities as of March 31, 2012

As of March 31, 2012, Far Eastern University does not have on record any person party or entity who beneficially owns more than 5% and 10% of common stock except as set forth in the table below:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Citizenship	No. of Shares Held	Percent
Common	Seyrel Investment and Realty Corporation[1] 10th Fl., Pacific Star Bldg. Cor. Makati & Gil Puyat Ave. Makati City	Filipino	3,930,969	28.6278
Common	Sysmart Corporation[2] 426 MKSE, Ayala Avenue Makati City	Filipino	2,907,574	21.1748
Common	Desrey, Incorporated[3] 10th Fl., Pacific Star Bldg. Cor. Makati & Gil Puyat Ave. Makati City	Filipino	1,098,720	8.0016

All of the above are direct beneficial owners of the securities.

[1]Dr. Lourdes, R. Montinola as President is authorized to vote for the shares of the Corporation.

[2]Ibid

[3]Mr. Henry Sy Sr. as Chair of the Board will vote for the shares of the Corporation.

Security Ownership of Management

Title of Class	Name of Beneficial Owner	Number of Shares and and Nature of Beneficial Ownership	Citizenship	Percent Of Class
Common	Lourdes R. Montinola Chair, Board of Trustees	46,634 - D	Filipino	0.3396
Common	Lydia B. Echauz Trustee/President	8,286 - D	Filipino	0.0603
Common	Aurelio R. Montinola III Vice Chair, Board of Trustees	251,510 - D	Filipino	1.8317
Common	Angelina Palanca Jose Trustee/Corporate Secretary	441,613 - D	Filipino	3.2161
Common	Paulino Y. Tan Trustee	1 - I	Filipino	0.00001
Common	Gianna R. Montinola Trustee	50,344 - D	Filipino	0.3666
Common	Renato L. Paras Trustee	1 - I	Filipino	0.00001
Common	Robert F. Kuan Independent Trustee	1 - I	Filipino	0.00001
Common	Sherisa P. Nuesa Independent Trustee	1 - D	Filipino	0.00001
Common	Juan Miguel R. Montinola Chief Finance Officer	52,521 - D	Filipino	0.3825
Common	Herminia I. Maliwat Treasurer	92 - D	Filipino	0.00067
Common	Glenn Z. Nagal Comptroller	565 - D	Filipino	0.00411

Security of Ownership of Management as a Group

Total Shares	-	851,569
Percentage	-	6.20166 %

Item 12. Certain Relationship and Related Transactions

During the last two (2) years, the corporation or any of the members of the Board of Trustees was never a party or proposed to be a party in any related transaction.

PART IV -   Corporate Governance

Item 13. Corporate Governance

- The University's compliance with SEC Memorandum Circular No. 2 dated April 5, 2002, as well as all relevant circulars on Corporate Governance has been monitored.

- FAR EASTERN UNIVERSITY, its trustees, officers and employees complied with the leading practices and principles on good corporate governance as embodied in the company's Manual;

- FAR EASTERN UNIVERSITY also complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Manual. The corporation's evaluation system was approved by the Board of Trustees at its meeting on March 16, 2004;

- FAR EASTERN UNIVERSITY did not commit any major deviations from the provisions of its Manual. Our Corporate Governance Compliance Officer submitted his 2011 certification to the Securities and Exchange Commission on the extent of the company's compliance with its manual on January 12, 2012.

- All members of the Board of Trustees as well as Senior Management officers completed and were duly certified to have attended a special seminar on Corporate Governance conducted by an entity accredited by the Securities and Exchange Commission.

- In November 2011, the university participated in the Corporate Governance Survey using the Corporate Governance Scorecard prepared by the Institute of Corporate Directors.

- Far Eastern University submitted its Revised Manual on Corporate Governance to the Securities and Exchange Commission on February 16, 2011.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibit

The exhibits are not applicable to the company nor require any answer.

(b) Report on SEC Form 17-C

1. Resolution approved at the Board of Trustees' meeting held on May 17, 2011:

The retained earnings as of March 31, 2011 of the Far Eastern University, the amount of One Billion Eight Hundred Fifty Three Million Seven hundred Thirty Three Thousand One Hundred Pesos (₱1,853,733,100.00) be appropriated as follows:

Reserved for Property Acquisition and Investment	₱	1,200,000,000.00
Reserved for Building Construction		220,000,000.00
Reserved for Expansion of Facilities		175,000,000.00
Reserved for Purchase of Equipment		140,000,000.00
Reserved for General Retirement		65,000,000.00
Reserved for Contingencies		50,000,000.00
Reserved for Treasury Shares		3,733,100.00
Total	₱	1,853,733,100.00

Report received on May 18, 2011.

2. Resolution approved at the Board of Trustees' meeting held on June 21,2011:

Dr. Maria Teresa Trinidad P. Tinio was appointed Senior Vice President for Academic Affairs effective June 10, 2011.

Dr. Tinio does not own any Far Eastern University shares of stock as of date.

Report received on June 22, 2011.

3. Resolution approved at the Board of Trustees' meeting held on June 21,2011:

Declaration of ₱15.00/share cash dividend on record as of July 6, 2011, payable on July 20, 2011.

Report received on June 22, 2011.

4. Resolutions approved at the Board of Trustees' meeting held on July 19, 2011:

   a. Increase of the authorized capital stock of the Corporation from ₱1,000,000,000.00 divided into 10,000,000 shares with a par value of ₱100.00 per share to ₱2,000,000,000.00 to be divided into 20,000,000 shares with a par value of ₱100.00 per share;

   b. Declaration of 40% stock dividend subject to confirmation by the stockholders at the regular stockholders' meeting to be held on August 27, 2011. The record date of the dividend shall be determined after said annual meeting and to be issued as soon thereafter the necessary SEC and PSE permits or authorization shall have been released. All fractional shares resulting from said stock dividend shall be paid in cash by the Corporation at par value; and

   c. Reflection of the increase of authorized capital stock of the Corporation at Article Seventh of the Amended Articles of Incorporation as follows:

      SEVENTH: That the capital stock of the Corporation is Two Billion Pesos (₱2,000,000,000.00), Philippine Currency, divided into Twenty Million (20,000,000) shares at the par value of One Hundred Pesos (₱100.00) per share.

      Report received on July 20, 2011.

5. Resolutions approved at the Annual Stockholders' meeting held on August 27, 2011:

   a. Minutes of the Annual Meeting held on August 28, 2010;

   b.. Academic Report of the President and Annual Report for the fiscal year 2010-2011;

   c. Ratification and confirmation of the acts of the officers and trustees in the furtherance of the matters covered by the annual report for fiscal year 2010-2011;

   d. Confirmation of declaration of 40% stock dividend subject at the regular stockholders' meeting held on August 27, 2011. All fractional shares resulting from said stock dividend shall be paid in cash by the Corporation at par value;

Reflection of the increase of authorized capital stock of the Corporation at Article Seventh of the Amended Articles of Incorporation as follows:

> SEVENTH: That the capital stock of the Corporation is Two Billion Pesos (₱2,000,000,000.00), Philippine Currency, divided into Twenty Million (20,000,000) shares at the par value of One Hundred Pesos (₱100.00) per share.

e. Elected trustees and independent trustees for the fiscal year 2011-2012;

f. Re-Appointment of Punongbayan and Araullo as External Auditor for the fiscal year 2011-2012; and

g. Vote of appreciation to the board of Trustees, the officials, faculty and staff.

Report received on August 31, 2011.

5. Appointment of Mr. Glenn Z. Nagal, Comptroller concurrent as Compliance Officer in replacement of Mr. Severino M. Garcia effective September 1, 2011.

Mr. Nagal owns 404 shares of stock of the corporation as of date.

Report received on August 31, 2011.

6. Resolutions approved at the Organizational Meeting of the Board of Trustees held on September 20, 2011:

a. Elected Corporate and University Officials for the fiscal year 2011-2012;

b. Composition of the Executive Committee;

c. Composition of the Audit Committee;

d. Composition of the Corporate Governance Committee;

e. Composition of the Nomination Committee;

f. Composition of the Risk Management; and

g. Composition of the Compensation Committee

Report received on September 22, 2011.

7. Resolution approved at the Board of Trustees' meeting held on October 18, 2011:

   The amount of ₱22,551,400.00 shall be paid to FEC Silang to complete FEU's subscription therein of ₱51,000,000.00.

   Report received on October 19, 2011.

8. The Corporation received on November 3, 2011 the Securities and Exchange Commission's approval of the following:

   a. Increase in the capital stock of the Corporation from ₱1,000,000,000.00 divided into 10,000,000 shares with a par value of ₱ 100.00 per share to ₱ 2,000,000,000.00 to be divided into 20,000,000 shares with a par value of ₱100.00 per share and a 40% stock dividend be declared out of such increase. The record date for the Corporation's stock dividend is on November 22, 2011.

   b. Amendment to Article Seventh of the Amended Articles of Incorporation to read as follows:

      SEVENTH: That the capital stock of the Corporation is Two Billion Pesos (₱2,000,000,000.00), Philippine Currency, divided into Twenty Million (20,000,000) shares at the par value of One Hundred Pesos (₱100.00) per share.

   Report received on November 8, 2011.

9. Resolution approved at the Board of Trustees' meeting held on January 17, 2012:

   Declaration of ₱12.00/share cash dividend on record as of February 1, 2012, payable on February 15, 2012.

   Report received on January 18, 2012.

10. Resolution approved at the Board of Trustees' meeting held on February 21, 2012:

    Authorization to negotiate and contract the acquisition of a certain parcel of land located at Brgy. Biluso, Silang, Cavite offered by Moldex Realty, Incorporated.

    Report received on February 23, 2012.

11. Resolution approved at the Board of Trustees' meeting held on February 21, 2012:

    a. Approval of the amendment to Section III of the By-Laws of the Corporation as follow:

    Section III – Meetings: All meetings of the stockholders of the corporation shall be held at the office of the corporation as above defined. **All meetings of the Board of trustees of the corporation shall be held at the office of the corporation as above defined or in such places as may be designated from time to time by the Chairman of the Board or by at least a majority of the Board of trustees.**

    b. Ratification of the foregoing resolution is to be presented at the Annual Stockholders' Meeting on August 25, 2012.

    Report received on February 23, 2012.

(c) Quarterly Reports:

Ended June 30, 2011
Received August 12, 2011

Ended September 30, 2011
Received November 14, 2011

Ended December 31, 2011
Received February 13, 2012

Ended December 31, 2011 (Amended)
Received March 21, 2012

Business and General Information

I. Industry Profile

The following are the dominant characteristics of the education industry:

- The business of higher education in the country is in the hands of the private sector.

- There is an uneven distribution of colleges and universities across the regions. This connotes a problem of unequal access to higher education. This is evidenced by the high concentration of state and private colleges and universities in the National Capital Region and Southern Tagalog Regions.

- Statistics show a high mismatch between education and occupation.

- The number of graduates in fields like commerce and business administration continues to increase even if unemployment among these graduates is on the rise.

- Far Eastern University's market is made up of the working class and the middle income group. FEU is situated in Manila, particularly in the area popularly known as the University Belt. To be competitive, the university must continuously improve its products and at the same time maintain reasonable tuition fees.

II. Group of related services which contribute 10% or more to revenues

1.	Institute of Accounts, Business and Finance	23.09%
2.	Institute of Arts and Sciences	24.13%
3.	Institute of Nursing	15.82%
4.	Institute of Tourism and Hotel Management	21.10%

III. Teaching services are rendered to students who come and enroll.

IV. No patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements are held by the company.

V. All courses offered are with CHED recognition.

VI. Standard set by CHED encourages the University to continuously improve its quality of teaching and its facilities.

Operational and Financial Information

Dividend payments are normally restricted by reserves and appropriations made by the company, and by the amount needed to ensure smooth and unhampered operations during the year.

Control and Compensation Information
No warrants or options are given by the corporation.

SIGNATURES

Pursuant to the requirements of Section I7 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila, on _______________.

By:

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

GLENN Z. NAGAL
Comptroller

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

ARNUALDO B. MACAPAGAL
Chief Accounting Officer

ANGELINA P. JOSE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 10th day of July 2012, affiants exhibiting to me their Community Tax Certificates, as follows:

Name	Comm. Tax Cert.	Date/Place of Issue
Lourdes R. Montinola	06999158	January 13, 2012/Makati City
Angelina P. Jose	34036968	June 20, 2012/Manila
Juan Miguel R. Montinola	06998647	January 17, 2012/Makati
Glenn Z. Nagal	02433723	March 29, 2012/Manila
Arnualdo B. Macapagal	31017258	April 11, 2012/Manila

NOTARY PUBLIC

NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
PTR No. 0407848, 01-17-2012, MANILA
IBP No. 873535, 12-21-2011, PPLM
ROLL No. 35145, MAY 27, 1988
COMPLIANCE No. 1110018920

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