FAR EASTERN UNIVERSITY

10 July 2013

Disclosure Department
The Philippine Stock Exchange, Inc.
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attn.: Ms. Janet A. Encarnacion
Head

Madame:

We are submitting the amended 2013 Definitive Information Statement (SEC Form 20 IS) to correct Part II - Information Required in a Proxy Form (page 27). One of the nominees for trustees should be Dr. Michael M. Alba instead of Mr. Antonio R. Montinola.

Thank you.

Very truly yours,

FAR EASTERN UNIVERSITY

ANGELINA P. JOSE
Corporate Secretary

Encls: a/s

FAR EASTERN UNIVERSITY

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO FEU STOCKHOLDERS:

Pursuant to the provisions of Sections VII and VIII of the By-Laws of Far Eastern University, Inc. as amended, the annual meeting of stockholders shall be held on Saturday, August 24, 2013, at 3:00 p.m. at the Archives Room, Third Floor, Administration Building, FEU, Nicanor Reyes Street, Sampaloc, Manila, to consider the following:

A G E N D A

1. Call of meeting to order
2. Proof of notice and determination of quorum
3. Approval of minutes of previous meeting — August 25, 2012
4. Academic report of the President
5. Approval of the annual report of the Chairman
6. Ratification and confirmation of the actions of the Board of Trustees
7. Election of trustees, including the independent trustees
8. Appointment of external auditor
9. Other matters

For the purpose of this meeting, the transfer book of the Corporation will be closed from August 05 to August 23, 2013, both dates inclusive, in accordance with Section XXXI of the By-Laws.

In the event you are unable to attend and in order to assure the presence of a quorum at the annual meeting, please accomplish the attached Proxy Form and return the same to the undersigned at the Office of the Corporate Secretary, Far Eastern University, Nicanor Reyes Street, Sampaloc, Manila. All proxies must be in the hands of the Corporate Secretary for inspection and record at least twenty-four (24) hours before the time set for the meeting as required by the By-Laws, or not later than 3:00 p.m. of August 23, 2013. The appointment of the Proxy shall not affect your right to vote in the event you choose to attend the meeting.

Should you return this proxy without indicating a choice in any or all of the above items, you hereby authorize the appointed proxy to vote in your behalf, at his or her discretion, to approve or disapprove the matters to be acted upon in the meeting.

ANGELINA P. JOSE
Corporate Secretary

Manila
July 08, 2013

SEC FORM 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the Appropriate Box:

   [ ] Preliminary Information Statement

   [x] Amended Definitive Information Statement

2. Name of Registrant as specified in its charter: **Far Eastern University, Inc.**

3. Province, country or other jurisdiction of incorporation or organization : **Manila, Philippines**

4. SEC Identification Number : **538**

5. BIR Tax Identification Code : **000-225-442**

6. Address of Principal Office : **Nicanor Reyes Street, Sampaloc, Manila**

   Postal Code : **1008**

7 Registrant's Telephone Number including area code : **(632) 735-5621**

8. Date, time and place of meeting of security holders : **August 24, 2013**
3:00 p.m.
Archives Room
3rd Floor, Administration Building
Far Eastern University
Nicanor Reyes Street
Sampaloc, Manila

9. Approximate date on which the Information Statement is first sent to the security holders: **August 02, 2013**

10. Securities registered pursuant to Sections 8 and 12 of the Code:

    Title of Each Class : **Common**

    Authorized Capital Stock : **₱1,000,000,000.00**

    Shares outstanding : **13,731,303**

11. Are any or all of registrant's securities listed on a Stock Exchange?

    All common shares of stocks are listed with the Philippine Stock Exchange, Inc.

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1: Date, Time and Place of Meeting of Security Holders and Mailing Address:

a. | | |
|---|---|
| Date: | August 24, 2013 |
| Time: | 3:00 P.M. |
| Place: | Archives Room
3rd Floor, Administration Building
Far Eastern University
Nicanor Reyes Street
Sampaloc, Manila |
| Registrant's Mailing Address: | Far Eastern University
Nicanor Reyes Street
Sampaloc, Manila 1008 |

b. The approximate date when the Information Statement and the form of Proxy shall first be sent or given to security holders is on August 02, 2013.

Item 2: Dissenter's Right of Appraisal

There are no matters or proposed corporate actions included in the Agenda of the Meeting which may give rise to a possible exercise by security holders of their appraisal rights. Generally, however, in the instances mentioned by the Corporate Code of the Philippines, the stockholders of the corporation have the right of appraisal provided that the procedures and the requirements of Title X governing the exercise of the right is complied with and/or followed.

Item 3: Interest of Certain Persons in or Opposition to Matters to be Acted Upon

a. None of the members of the Board of Trustees or senior management have substantial interest in the matters to be acted upon other than election to office.

b. None of the members of the Board of Trustees have informed the Company in writing that he/she intends to oppose any action intended to be taken up at the Annual Stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4: Voting Securities and Principal Holders Thereof

a. Class of Voting Securities:

Number of Shares Outstanding as of June 30, 2013	13,560,650 common shares (Local) 170,653 common shares (Foreign) 13,731,303 common shares (Total) Net of 37,331 Treasury Shares
Number of Votes Entitled:	one (1) vote per share

b. Record Date: All stockholders of record as of August 05, 2013 are entitled to notice and to vote at the Annual Stockholders' Meeting.

c. Manner of Voting

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy the number of shares of stock held in his name on the stock books of the Corporation, and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

d. Security Ownership of Certain Record and Beneficial Owners of more than 5% (as of June 30, 2013)

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	Number of Shares	Percent of Holdings
Common	Desrey, Incorporated[1] 10th Fl., Pacific Star Bldg. Cor. Makati & Gil Puyat Ave. Makati City Stockholder	Desrey, Inc.	Domestic corporation	1,098,720	8.0016
Common	Seyrel Investment and Realty Corporation[2] 10th Fl., Pacific Star Bldg. Cor. Makati & Gil Puyat Ave. Makati City Stockholder	Seyrel Investment and Realty Corporation	Domestic corporation	3,930,969	28.6278
Common	Sysmart Corporation[3] 10th Fl., L.V. Locsin Bldg. 6752 Ayala Cor. Makati Ave. Makati City Stockholder	Sysmart Corporation	Domestic corporation	2,955,115	21.5210

[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.

e. Security Ownership of Trustees and Management (as of June 30, 2013)

Title of Class	Name of Beneficial Owner/Position	Citizenship	Shares Owned	Nature of Beneficial Ownership	Percent of Class
Common	Lourdes R. Montinola Chair, Board of Trustees	Filipino	6,635	D	0.04832
Common	Michael M. Alba Trustee/President	Filipino	1	I	0.00001
Common	Aurelio R. Montinola III Vice Chair, Board of Trustees	Filipino	261,510	D	1.90448
Common	Angelina Palanca Jose Trustee/Corporate Secretary	Filipino	442,028	D	3.21913
Common	Sherisa P. Nuesa Independent Trustee	Filipino	1	I	0.00001
Common	Paulino Y. Tan Trustee	Filipino	1	I	0.00001
Common	Gianna R. Montinola Trustee	Filipino	60,374	D	0.43968
Common	Edilberto C. de Jesus Trustee	Filipino	190	D	0.00138
Common	Robert F. Kuan Independent Trustee	Filipino	1	I	0.00001
Common	Juan Miguel R. Montinola Chief Finance Officer	Filipino	62,621	D	0.45604
Common	Herminia I. Maliwat Treasurer	Filipino	92	D	0.00067
Common	Glenn Z. Nagal Comptroller	Filipino	565	D	0.00411
Common	Rudy M. Gaspillo Vice President for Facilities and Technical Services	Filipino	95	D	0.00069

<u>Security Ownership of Trustees and Management as a Group</u>

Total Shares - 834,114
Percentage - 6.07454%

f. 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.

g. Changes in Control

There has been no recent change in the control of the Corporation.

Item 5: Trustees and Executive Officers

a. The following are the current trustees of the corporation:

Dr. Lourdes R. Montinola
Mr. Aurelio R. Montinola III
Dr. Michael M. Alba
Ms. Angelina P. Jose
Dr. Paulino Y. Tan
Atty. Gianna R. Montinola
Ms. Sherisa P. Nuesa (Independent Trustee)
Mr. Robert F. Kuan (Independent Trustee)
Dr. Edilberto C. de Jesus (Independent Trustee)

The Nomination Committee is chaired by Atty. Gianna R. Montinola. The members are: Dr. Paulino Y. Tan and Ms. Sherisa P. Nuesa (Independent Trustee).

The nominees for the trustees and independent trustees have been pre-screened by the nominations committee composed of three (3) voting trustees, one of whom is independent.

The following have been nominated members to the Board of Trustees for fiscal year 2013 – 2014:

Name	Ages	Citizenship	Position
Lourdes R. Montinola	85	Filipino	Chair, Board of Trustees
Aurelio R. Montinola III	61	Filipino	Vice Chair, Board of Trustees
Michael M. Alba	56	Filipino	President
Angelina P. Jose	60	Filipino	Corporate Secretary/Trustee
Paulino Y. Tan	67	Filipino	Trustee
Gianna R. Montinola	55	Filipino	Trustee
Sherisa P. Nuesa	58	Filipino	Independent Trustee
Robert F. Kuan	64	Filipino	Independent Trustee
Edilberto C. de Jesus	70	Filipino	Independent Trustee

The aforementioned nominees were submitted to the Nominations Committee of the Far Eastern University by a shareholder, Ms. Fe V. Canilao. Ms. Sherisa P. Nuesa, Mr. Robert F. Kuan and Dr. Edilberto C. de Jesus are being nominated as Independent Trustees in compliance with the SRC Rule 38 (Requirements on Nomination and Election of Independent Directors). Ms. Fe V. Canilao is not related to the nominees for Independent Trustees.

The latest certifications of the Independent Trustees follow:

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1008
www.feu.edu.ph

CERTIFICATION OF INDEPENDENT TRUSTEE

I, **SHERISA P. NUESA**, Filipino, of legal age, and resident of 39B One Legazpi Park, 121 Rada St., Legaspi Village, Makati City, after having been duly sworn to in accordance with the law do hereby declare that:

1. I am an independent trustee of **Far Eastern University,**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Service period, from:
Blackhorse Emerging Enterprises Funds(Singapore)	Independent Director	2009
Psi Technologies, Inc.	Board Director	Oct. 2010
Financial Executives Institute of the Phils. (FINEX)	Board Member & Treasurer	Jan. 2012
Vicsal Development Corp.	Consultant	March 2012
ALFM Mutual Funds	President and Director	May 2013
Institute of Corporate Directors (ICD)	Board Trustee	May 2012
FEU Health, Welfare & Retirement Fund	Independent Governor	June 2012
ING Foundation, Inc. (Phils.)	Independent Director	July 2012
FERN Realty Corp.	Independent Director	August 2012
Manila Water Company	Independent Director	April 2013

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Trustee of **Far Eastern University,** as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations;

4. I shall faithfully and diligently comply with my duties and responsibilities as independent trustee under the Securities Regulation Code;

5. I shall inform the corporate secretary of **Far Eastern University** of any changes in the abovementioned information within five days of its occurrence.

Done this _____ day of June 2013 at Manila.

SHERISA P. NUESA
Affiant

SUBSCRIBED AND SWORN to before me this 25th day of June 2013, at Manila, affiant exhibited to me her Passport No. EA 0044411 issued on 05 March 2010 in Manila.

ENRICO G. GILERA
Notary Public for Manila
Until December 2013
PTR No. 1417601; 01.07.2013; Manila
IBP No. 922720;01.08.2013;PPLM
Roll No. 35145, May 27, 1988
Compliance No. 11-0018920
Unit 403, Doña Consuelo Bldg.

Doc. No. 131;
Page No. 28;
Book No. VIII;
Series of 2013.

FAR EASTERN UNIVERSITY

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P.O. Box 609 Philippines 1008
www.feu.edu.ph

CERTIFICATION OF INDEPENDENT TRUSTEE

I, **ROBERT F. KUAN**, Filipino, of legal age and a resident of Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent trustee of **Far Eastern University**.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
China Banking Corporation	Independent Director	2005
China Bank Savings, Inc.	Independent Director	2009
St. Luke's Medical Center, Inc.	Trustee	1989
St. Luke's Medical Center Global City, Inc.	Trustee	2008
St. Luke's College of Medicine, Inc.	Trustee	1996
BRENT Int'l School Manila, Inc.	Trustee	1989
BRENT Int'l School Subic, Inc.	Trustee	2009
BRENT Int'l School Baguio, Inc.	Chairman (BOT)	2009
St. Theodore of Tarsus Hospital Sagada, Inc.	Chairman (BOT)	2005
SEAOIL Phils, Inc.	Independent Director	2008
Far Eastern College – Silang, Inc.	Independent Director	2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Trustee of **Far Eastern University**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent trustee under the Securities Regulation Code.

5. I shall inform the corporate secretary of **Far Eastern University** of any changes in the abovementioned information within five days from it occurrence.

Done, this 25th day of June 2013, at Manila.

ROBERT F. KUAN
Affiant

SUBSCRIBED AND SWORN to before me this 25th day of June 2013 at Manila, affiant personally appeared before me and exhibited to me his Tax Identification Number 115-733-271 issued in the Philippines.

ENRICO G. GILERA
Notary Public for Manila
Until December 2013
PTR No. 1417601; 01.07.2013; Manila
IBP No. 922720;01.08.2013;PPLM
Roll No. 35145; May 27, 1988
Compliance No. 11-0018920
Unit 403, Doña Consuelo Bldg.
929 Nicanor Reyes Street, Manila
Tel No. 736-4975

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FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1008
www.feu.edu.ph

CERTIFICATION OF INDEPENDENT TRUSTEE

I, **EDILBERTO C. DE JESUS**, Filipino, of legal age and a resident of Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent trustee of **Far Eastern University**.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Phinma Corporation	Member, Board of Directors	2009
Makati Business Club	Member	2009
Philippine Business for Education	Member	2007
Institute of Corporate Directors	Fellow	2010
Asian Institute of Management	Professor Emeritus	2012

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Trustee of **Far Eastern University**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of **Far Eastern University** of any changes in the abovementioned information within five days from it occurrence.

Done, this 25th day of June 2013, at Manila.

EDILBERTO C. DE JESUS
Affiant

SUBSCRIBED AND SWORN to before me this 25th day of June 2013 at Manila, affiant personally appeared before me and exhibited to me his Tax Identification Number 103-104-968 issued in the Philippines.

ENRICO G. GILERA
Notary Public for Manila
Until December 2013
PTR No. 1417601; 01.07.2013; Manila
IBP No. 922720;01.08.2013;PPLM
Roll No. 35145; May 27, 1988
Compliance No. 11-0018920
Unit 403, Doña Consuelo Bldg.
929 Nicanor Reyes Street, Manila
Tel No. 736-4975

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<u>Brief Background of Trustees and Executive Officers:</u>

1. Lourdes R. Montinola, 85, 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, Inc.; Chair, Executive Committee, Far Eastern University, Inc.; Chair, Far Eastern College Silang, Inc.; Governor, Nicanor Reyes Memorial Foundation; Trustee, FEU-Dr. Nicanor Reyes Medical Foundation, Inc. She is also a Member of the Heritage Conservation Society, the Museum Foundation of the Philippines, Inc., the Oriental Ceramic Society and the Asia Society Philippine Foundation, Inc.

Dr. Montinola holds a Bachelor of Arts degree (c*um 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, 61, Filipino: Vice Chairman of the Board of Trustees, Far Eastern University, Inc. (June 1989 to present)

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.; Director, Ayala Land, Inc.; Director, Bank of the Philippine Islands; 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. He was awarded the 2005 and 2009 Asian Banker Leadership Award for the Philippines and the MAP Management Man of the Year Award in 2012.

3. Michael M. Alba, 56, Filipino: President and Trustee, Far Eastern University, Inc. (October 2012 to present)

President concurrently of East Asia Educational Foundation, Inc., Nicanor Reyes Educational Foundation, Inc. and Far Eastern College Silang, Inc. His affiliations include, among others: Philippine Economic Society (lifetime member and president in 2007), Action for Economic Reforms (fellow), Philippine Human Development Network (member).

He obtained his AB (Economics) degree from the Ateneo de Manila University in 1978, MA (Economics) degree from the School of Economics, University of the Philippines (Diliman), in 1987, and PhD (Applied Economics) degree from Stanford University in 1993. “Household Vulnerability to Employment Shocks, 1997-1998,” a paper he wrote which appeared in the *Philippine Review of Economics*, was awarded the most outstanding scientific paper by the National Academy Science and Technology in 2003.

4. Angelina Palanca Jose, 60, 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; Corporate Secretary and Trustee, Nicanor Reyes Educational Foundation, Inc.; Treasurer and Trustee, FEU Educational Foundation, Inc.; Corporate Secretary and Governor, Nicanor Reyes Memorial Foundation; Member, Executive Committee, Far Eastern University, Inc.; Corporate Secretary and Director, Far Eastern College Silang, Inc. and 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, 67, 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, Inc.

Dr. Tan obtained the Degree of Bachelor in Science in Chemical Engineering (*summa cum laude*) from De La Salle University. He obtained both his M.S. and Ph.D. in Chemical Engineering from the University of Notre Dame, Indiana, U.S.A.

6. Gianna R. Montinola, 55, 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, Inc. Director of East Asia Educational Foundation, Inc. and Far Eastern College Silang, Inc. 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. 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 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. Sherisa P. Nuesa, 58, Filipino: Independent Trustee of Far Eastern University, Inc. (August 2010 to present)

Her other affiliations include: President and Board Director, ALFM Mutual Funds Group. She is an Independent Director of: Manila Water Company, FERN Realty Corporation, ING Foundation, Inc. (Phils.) and Blackhorse Emerging Enterprises Fund (Singapore). She is also an Independent Governor of the FEU Health, Welfare and Retirement Fund Plan, a Director of Institute of Corporate Directors (ICD) and Psi Technologies, Inc., a Consultant of Vicsal Development Corporation and a Board Member and Treasurer of the Financial Executives Institute of the Philippines (FINEX).

She graduated with the degree of Bachelor of Science in Commerce (*summa cum laude*) at Far Eastern University in 1974 and received her Master in Business Administration degree from the Ateneo-Regis Graduate School of Business in 2010. She also completed an Advanced Management Program from the Harvard Business School in 1999 and a Finance Management Program at Stanford University in 1991. She received the ING-FINEX CFO of the Year award in 2008.

8. Robert F. Kuan, 64, Filipino: Independent Trustee of Far Eastern University, Inc. (2004 to present)

Other Business Affiliations: Trustee, St. Luke's Medical Center, Quezon City (Chairman, 1996-2011), St. Luke's Medical Center, Global City, Inc. (Chairman, 2009-2011), St. Luke's College of Medicine–William H. Quasha Memorial, Brent International School of Manila and Brent International School Subic, Inc.; Chairman, Brent International School Baguio, Inc., Brent International School, Inc. and St. Theodore of Tarsus Hospital in Sagada, Inc.; Independent Director, China Banking Corporation, China Bank Savings, Inc. and Far Eastern College-Silang, Inc.; 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 TOFIL (The Outstanding Filipino) Awardee in 2003 in the field of Business & Entrepreneurship; Agora Awardee for Entrepreneurship and Triple-A Awardee of AIM; Outstanding Alumnus Awardee in the field of Business given by the Alumni Association of the University of the Philippines (UP) and Distinguished Alumnus Awardee given by the College of Business Administration of the University of the Philippines (UP).

9. Edilberto C. de Jesus, 70, Filipino: Independent Trustee of Far Eastern University, Inc. (August 2012 to present)

His other affiliations, among others, include: Member, Board of Directors, Phinma Corp.; Member, Makati Business Club and Philippine Business for Education; Fellow, Institute of Corporate Directors; Professor Emeritus, Asian Institute of Management.

He obtained a BA Honors Degree in the Humanities, *cum laude* at the Ateneo de Manila University in 1962, and received his m. Phil (1969) and Ph.D. degrees (1972) from Yale University. He served as president of: Far Eastern University (1995-2002); University of the Cordilleras (2008-2009); Asian Institute of Management (2009-2012); and Secretariat Director, Southeast Asia Ministers of Education Organization in Bangkok (2005-2007). He also served in the Cabinet of President Corazon Aquino as Deputy Peace Commissioner and Presidential Adviser on Rural Development (1987-1992) and as Secretary of Education in the Cabinet of President Gloria Arroyo (2002-2004).

10. Maria Teresa Trinidad P. Tinio, 47, Filipino: Senior Vice President for Academic Affairs, Far Eastern University, Inc. (June 2011 to present)

Ph.D. Southeast Asian Studies, National University of Singapore, Master of English, major in Literature and Cultural Studies, Ateneo de Manila University, AB Humanities, Ateneo de Manila University. She also earned academic units in the Master of Liberal Arts, New School for Social Research, New York City.

Publications include contributions to the *CCP Encyclopaedia of the Arts, the ACELT Journal, Pantas, the Loyola Schools Review, Philippine Studies* and an essay in *The Politics of English in Asia: Language Policy and Cultural Expression in South and Southeast Asia and the Asia Pacific* published by John Benjamins (The Netherlands).

11. Miguel M. Carpio, 57, 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 (July 2011 to June 2013); Board of Advisers, Philippine Council for the Architecture Profession (April 2013); Scribe, College of Fellows - United Architects of the Philippines (UAP) (July 2011 to June 2013); Council of Advisers, UAP Sta. Mesa Chapter; Member, Philippine Institute of Environmental Planners; Member, National Real Estate Association, Inc.

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 in 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, CFPS (NFPA) M. Eng., 58 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 8^{th} place in the Board Examination for Mechanical Engineers in August 1977. Licensed Professional Mechanical Engineer. NFPA Certified Fire Protection Specialist.

13. Juan Miguel R. Montinola, 52, 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 Education Foundation, Inc.; Treasurer and Member, Nicanor Reyes Memorial Foundation; Treasurer and Trustee, FEU Educational Foundation, Inc.; Member, Executive Committee and Board of Directors of Far Eastern College Silang, Inc.; Board Member, AMON Trading Corporation 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 IMEDE, Switzerland, and an AB Economics degree from College of William & Mary, Virginia, USA.

14. Herminia I. Maliwat, 64, 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, Inc. 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, 55, 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.

b. Significant Employees

The corporation considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the corporation's goals and objectives.

c. Family Relationship

The Chairperson, 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.

d. Certain Relationships and Related Transactions

The University's related parties (Pls. see Note 21) include its subsidiaries, the University's key management and others as described below. The following are the University's transactions with such related parties (in thousand pesos):

		2013		2012		2011	
	Note	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Subsidiaries							
Interest bearing advances	20.1	(₱465,157)	₱ -	(₱64,028)	₱ 465,157	₱310,410	₱529,185
Rental	20.3, 20.4	45,692	(2,560)	3,381	(48,252)	46,977	(51,634)
Others		(6,801)	2,627	9,392	9,427	(122,371)	(4,968)
Non-interest bearing advances	20.2	916	1,053	(5,607)	137	(1,658)	5,744
Other related party							
Non-interest bearing advances	20.2	(2,139)	14,186	3,730	16,326	2,238	12,595
Management service	20.7	4,470	52,242	29,469	47,772	4,345	18,303
Others		(115,943)	(293)	14,337	115,703	30,890	101,366
Key management personnel compensation	20.8	150,971	-	136,713	-	135,101	-

Interest-bearing Advances

Prior to fiscal year 2010, the University has outstanding initial cash advances to FRC with an aggregate principal amount of ₱100.00 million and with interest due quarterly of 2.50%. In 2010, additional advances amounting to ₱118.8 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 ₱310.6 million were made by the University to FRC, of which, ₱250.0 million bears interest at 4.25% per annum. The current portion of these outstanding advances to FRC amounted to ₱350.5 million and ₱134.9 million as of March 31, 2012 and 2011 and is presented as part of Receivable from FRC under the Trade and Other Receivables account in the statements of financial position. These interest-bearing advances are unsecured. The remaining balance of advances was collected in full in fiscal year 2013 including the noncurrent portion in 2012.

Total interest income earned from the advances amounted to ₱1.8 million in 2013, ₱17.1 million in 2012 and ₱9.6 million in 2011 which were presented as part of Finance Income in the statements of comprehensive income.

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

	Note	2013	2012	2011
Balance at beginning of year		₱465,156,538	₱529,184,656	₱218,774,500
Repayments		(465,156,538)	(64,028,118)	-
Advances during the year		-	-	310,410,156
Balance at end of year		-	465,156,538	529,184,656
Current portion	7	-	(350,545,925)	(134,695,452)
Non-current portion		₱ -	₱114,610,613	₱394,489,204

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 Trade and Other Receivables account in the statements of financial position, arising from these transactions.

	Beginning	Advances	Repayments	Offsetting	Ending
2013					
EAEF	₱14,300,692	₱17,163,977	(₱19,771,376)	₱ -	₱11,693,293
FERN College	2,024,918	2,553,157	(2,085,116)	-	2,492,959
FECSI	2,967	917,227	(1,252)	-	918,942
FRC	134,358	81,115	-	-	215,473
	₱16,462,935	₱20,715,476	(₱21,857,744)	₱ -	₱15,320,667
2012					
EAEF	₱10,649,397	₱ 5,643,914	(₱ 1,922,619)	₱ -	₱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)	2,967
	₱18,339,638	₱50,656,669	(₱46,138,009)	(₱6,395,363)	₱16,462,935
2011					
EAEF	₱ 8,457,055	₱ 2,346,965	(₱ 154,623)	₱ -	₱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
	₱17,832,817	₱19,801,637	(₱19,294,816)	₱ -	₱18,339,638

The University acquired additional shares of stock of FECSI and settled ₱6.4 million of which through offsetting of advances.

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 ₱24.5 million subject to 10% escalation rate to an annual rate agreed yearly between the parties but at no rate lower than what was previously prevailing in the preceding year.

Total rental expense arising from these leases charged to operations amounting to ₱59.6 million in 2013, ₱50.1 million in 2012 and ₱55.6 million in 2011 is presented as part of Administrative expenses while outstanding payables as of March 31, 2013, 2012 and 2011 amounted to nil, ₱48.3 million and ₱51.6 million, respectively, and is presented as part of Accrued Expenses under Accounts Payable and Other Liabilities in the statements of financial position.

Lease of Makati Campus Premises from FRC

FEU and FRC agreed to the lease of the land where the building occupied by FEU Makati Campus is located 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 ₱7.9 million in 2013, ₱7.7 million in 2012 and P2.6 million in 2011 and is presented as part of Rental under the Administrative expenses. There are no outstanding rental payable as of March 31, 2013, 2012 and 2011 arising from this lease transaction.

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 ₱0.9 million in 2013, ₱1.3 million in 2012 and ₱1.2 million in 2011 which are shown as part of Rental under Other Income (Charges) in the statements of comprehensive income. There are no outstanding receivables as of the end of each year related to this lease agreement.

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 statements of comprehensive income, amounted to ₱53.3 million in 2013, ₱50.2 million in 2012 and ₱36.3 million in 2011. Outstanding receivables arising from this transaction is presented as part of Receivable from EAEF under the Trade and Other Receivables account in the statements of financial position.

Management Services

The University provides management services to EAEF which agreed to pay management fee computed at a certain percentage of the latter's gross revenue subject to certain conditions. Management fees earned amounted to ₱55.4 million in 2013, ₱47.9 million in 2012 and ₱18.3 million in 2011, which is presented as Management Fees account in the statements of comprehensive income. Outstanding receivables arising from this transaction amounted to ₱52.2 million, ₱47.8 million and ₱18.3 million as of March 31, 2013, 2012 and 2011, respectively, and is presented as part of Receivable from EAEF under the Trade and Other Receivables account in the statements of financial position.

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 is as follows:

	2013	2012	2011
Salaries	₱103,265,227	₱ 95,505,477	₱ 94,791,437
Bonuses	27,053,116	21,706,005	21,351,383
Retirement benefits	20,653,045	19,501,095	18,958,287
	₱150,971,388	₱138,712,577	₱135,101,107

e. Involvement of Directors and Officers in Certain Legal Proceedings

None of the directors and officers were involved during the past ten (10) years and to date 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 in action 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 or their property is the subject.

Item 6: Compensation of Trustees and Executive Officers

The members of the Board of Trustees of the corporation are receiving gas allowances for board/special meetings attended. They are also entitled to bonuses at the end of the fiscal year in accordance with an approved resolution of the stockholders dated May 08, 1976, while the officers of the corporation are entitled to basic salaries, fringe benefits, and also bonuses at the discretion of the Board.

There are no other material terms or conditions of employment for contractual executive officers except those specified in this report.

No action is to be taken with respect to any stock options, warrants or right plan or to any other type of compensation plans.

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[1] Trustee/President	- x -	- x -	- x -	- x -
Michael M. Alba[2] Trustee/President	- x -	- x -	- x -	- x -
Juan Miguel R. Montinola Chief Finance Officer	- x -	- x -	- x -	- x -
Glenn Z. Nagal Compliance Officer/Comptroller	- x -	- x -	- x -	- x -
Herminia I. Maliwat Treasurer	- x -	- x -	- x -	- x -
	2011-2012	₱41,679,811.16	₱ 12,679,951.83	- x -
	2012-2013	42,216,964.17	14,616,774.20	- x -
	2013-2014 (est.)	44,749,982.02	15,313,780.65	- x -

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
All Officers and Trustees as a Group	- x -	- x -	- x -	- x -
	2011-2012	₱52,079,566.86	₱25,757,769.93	- x -
	2012-2013	52,368,319.29	27,338,085.74	- x -
	2013-2014 (est.)	55,510,418.45	28,168,370.88	- x -

[1] Retired in August 2012
[2] Effective October 16, 2012

Item 7: Independent Public Accountant

The principal accountant and external auditor is Punongbayan & Araullo, who prepared the Financial Statements of the corporation for fiscal year ending March 31, 2013. The same accounting firm is recommended for re-appointment at the annual stockholders' meeting for almost the same remunerations in the previous year.

Representatives of Punongbayan & Araullo are expected to be present at the stockholders' meeting; they will have the opportunity to make a statement if they desire to do so; and they are expected to be available to respond to appropriate questions.

Fees for services rendered:

External Auditor's Fee	2012 – 2013
Audit of annual financial Statements	₱800,000.00 plus 12% VAT
Out of pocket expenses	₱80,000.00 Plus 12% VAT

Except for the above mentioned external auditor's fees, there are no other fees (tax fees, all other fees) for services rendered by the external auditors.

The Audit Committee is chaired by Ms. Sherisa P. Nuesa, an Independent Trustee. The members are: Dr. Edilberto C. de Jesus (Independent Trustee), Mr. Robert F. Kuan (Independent Trustee), and Dr. Paulino Y. Tan (Alternate Member).

The Audit Committee's approval of the policies and procedures covering the examination of FEU's financial statements for fiscal year ending March 31, 2013, including other services, is covered by the minutes of the meeting of the Audit Committee dated June 14, 2013.

The external auditor shall be rotated every after five (5) years of engagement. In case of a firm, the signing partner shall be rotated every after said period. The reckoning date for such rotation shall commence in year 2002. (SRC Rule 68 (3) (b) (iv).

There has been no recent change in and disagreements with accountants on accounting and financial disclosures.

AUDIT COMMITTEE REPORT

The Board of Trustees
Far Eastern University, Inc.

The Audit Committee's roles and responsibilities are defined in the Audit Committee Charter approved by the Board of Trustees. It assists the Board of Trustees in fulfilling its oversight responsibility to the shareholders relating to the financial statements and financial reporting process, system of internal controls, risk management, performance of internal and external auditors and compliance with legal and regulatory matters. The Audit Committee is composed of four members – an independent Trustee as Chair, and two Trustees, and an alternate member who is also a Trustee.

In compliance with the Audit Committee Charter, we performed the following:

- We discussed and approved the overall scope and timing of the audit plans and focus areas related to the review of the financial statements for the year ending March 31, 2013 by our independent auditors, Punongbayan and Araullo.

- We had four (4) committee meetings which included executive sessions with the finance group, internal auditors and the independent auditors. All our meetings are covered by minutes of meetings approved by the members of the committee.

- We reviewed and discussed the quarterly unaudited financial statements before they were approved by the Board and subsequently submitted to the SEC.

- We reviewed the internal audit reports ensuring that Management is taking appropriate actions, where required, in a timely manner.

- We reviewed and discussed the different budgets for fiscal year 2012-2013 before they were presented to the Board for approval.

- We reviewed and discussed the audited financial statements for fiscal year ending March 31, 2013 with management, which has the primary responsibility for the financial statements, and with Punongbayan and Araullo, our independent auditor, who is responsible for expressing an opinion on the conformity of our financial statements with generally accepted accounting principles.

- We recommended to the Board of Trustees the re-appointment of Punongbayan and Araullo as the corporation's independent auditors for fiscal year ending March 31, 2014.

- We recommended to the Board of Trustees that the audited financial statements be included in the Annual Report (SEC Form 17-A) for fiscal year ending March 31, 2013.

MS. SHERISA P. NUESA	MR. ROBERT F. KUAN	DR. EDILBERTO C. DE JESUS	DR. PAULINO Y. TAN
Chairperson	Member	Member	Member
Independent Trustee	Independent Trustee	Independent Trustee	

C. OTHER MATTERS

Action with Respect to Reports

Approval of the Annual Report for the fiscal year ending March 31, 2013

Other Proposed Actions

a. Approval of the minutes of the Annual Stockholders' Meeting held on August 25, 2012 that includes the following:

1. Minutes of Annual Meeting held on August 27, 2011

2. Academic Report of the President, 2011 – 2012 and Annual Report of the Chair, 2011 – 2012

3. Ratification and Confirmation of the following:

a. Approval of the Amendment of Section III of the By-Laws of the Corporation to read as follows:

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. Actions of the Board of Trustees in the furtherance of the matters covered by the Annual Report.

4. Election of Trustees and Independent Trustees for the fiscal year 2012 – 2013:

Dr. Lourdes R. Montinola
Mr. Aurelio R. Montinola III
Ms. Angelina P. Jose
Dr. Paulino Y. Tan
Atty. Gianna R. Montinola
Mr. Antonio R. Montinola
Ms. Sherisa P. Nuesa (Independent Trustee)
Mr. Robert F. Kuan (Independent Trustee)
Dr. Edilberto C. de Jesus (Independent Trustee)

5. Appointment of Punongbayan and Araullo as External Auditor for the fiscal year 2012-2013;

6. Vote of Appreciation

b. Summary of resolutions approved by the Board of Trustees for the fiscal year 2012 – 2013:

1. Board of Trustees' Meeting held on April 17, 2012:

Authorization of FEU to negotiate and contract the acquisition of the two (2) buildings located at MetroGate Silang Estates, Silang, Cavite and that any one (1) of the following named officers:

Dr. Lydia B. Echauz	President
Mr. Juan Miguel R. Montinola	Chief Finance Officer

be authorized to execute all transactions for and in the name and on behalf of FEU.

2. On May 10, 2012:

Death of Dr. Renato L. Paras, Trustee of Far Eastern University on May 6, 2012.

3. Board of Trustees' meeting held on June 19, 2012:

Appropriation from the retained earnings as of March 31, 2012 the amount of One Billion Seven Hundred Eighteen Million Five Hundred Three Thousand One Hundred Pesos (₱1,718,503,100.00) as follows:

Property and Investment Acquisition	₱	1,320,000,000.00
Expansion and Improvement of Facilities		240,000,000.00
Reserved for General Retirement		65,000,000.00
Reserved for Contingencies		50,000,000.00
Purchase of Equipment		39,770,000.00
Reserved for Treasury Shares		3,733,100.00
Total	₱	1,718,503,100.00

Declaration of ₱12.00/share cash dividend on record as of July 04, 2012, payable on July 18, 2012.

4. On July 17, 2012:

Authorization of the acquisition by the Company from Filinvest Alabang, Inc. of a parcel of land located in Filinvest Corproate City, Muntinlupa in the Woods District (West) comprising an area size of up to 2.2. hectares.

The Board delegated to the President and the Chief Finance Officer the authority to negotiate the terms and conditions of the acquisition and to sign and execute the documents related thereto on behalf of the Company.

5. Board of Trustees' meeting held on September 18, 2012:

Resignation of Mr. Antonio R. Montinola as member of the Board of Trustees effective September 18, 2012.

Election of Dr. Michael M. Alba as member of the Board of Trustees effective October 16, 2012 and upon completion of all requirements to serve the unexpired term of Mr. Antonio R. Montinola as member of the Board.

Appointment of Dr. Michael M. Alba as President of Far Eastern University effective October 16, 2012.

6. Organizational Meeting of the Board of Trustees held on September 18, 2012:

<u>Elected Corporate and University Officials for the fiscal year 2012-2013:</u>

<u>Corporate Officials</u>

Dr. Lourdes R. Montinola	-	Chair
Mr. Aurelio R. Montinola III	-	Vice Chair
____________________	-	President
Ms. Angelina P. Jose	-	Corporate Secretary
Mr. Juan Miguel R. Montinola	-	Chief Finance Officer
Ms. Herminia I. Maliwat	-	Treasurer

University Officials

Dr. Maria Teresa Trinidad P. Tinio	-	Senior Vice President, Academic Affairs
Dr. Miguel M. Carpio	-	Vice President, Academic Services
Engr. Rudy M. Gaspillo	-	Vice-President, Facilities and Technical Services
Mr. Glenn Z. Nagal	-	Comptroller / Compliance Officer

Executive Committee

Dr. Lourdes R. Montinola	-	Chair
Mr. Aurelio R. Montinola III	-	Vice-Chair
____________________	-	Member
Ms. Angelina P. Jose	-	Member
Dr. Paulino Y. Tan	-	Member
Mr. Juan Miguel R. Montinola	-	Alternate member

Audit Committee

Ms. Sherisa P. Nuesa	-	Chair
Dr. Edilberto C. de Jesus	-	Member
Mr. Robert F. Kuan	-	Member
Dr. Paulino Y. Tan	-	Member

Corporate Governance Committee

Dr. Edilberto C. de Jesus	-	Chair
Mr. Robert F. Kuan	-	Member
Atty. Gianna R. Montinola	-	Member

Nomination Committee

Atty. Gianna R. Montinola	-	Chair
Dr. Paulino Y. Tan	-	Member
Ms. Sherisa P. Nuesa	-	Member

Risk Management Committee

Mr. Robert F. Kuan	-	Chair
Mr. Aurelio R. Montinola III	-	Member
_________________	-	Member
Ms. Sherisa P. Nuesa	-	Member
Mr. Juan Miguel R. Montinola	-	Member

Compensation Committee

Dr. Lourdes R. Montinola	-	Chair
Mr. Robert F. Kuan	-	Member
Mr. Juan Miguel R. Montinola	-	Member

7. On October 1, 2012:

Report of the Audit Committee to conform with the requirement of the Securities and Exchange Commission under Memorandum Circular No. 4, Series of 2012.

8. On October 16, 2012:

Dr. Michael M. Alba, new Trustee and President of Far Eastern University effective October 16, 2012 owns one (1) share of stock of the corporation.

Board of Trustees meeting held on October 16, 2012:

Appointment of Dr. Michael M. Alba as Member of the Executive Committee and the Risk Management Committee for the Fiscal Year 2012-2013.

9. On November 19, 2012:

Cancellation of the regular Board of Trustees' Meeting scheduled on November 20, 2012 due to lack of quorum.

10. Special Board of Trustees' meeting held on November 29, 2012:

Authorization of FEU Alabang, Inc. to use the term "FEU" otherwise known as Far Eastern University, Inc. in its corporate name.

Authorization and approval of the formation and establishment of a new education institution, the FEU Alabang, Inc. ("FEU Alabang"), with an authorized capital stock of One Hundred Million Pesos (₱100,000,000.00), divided into One Million shares with the par value of One Hundred Pesos (₱100.00) per share, and with the following as its incorporators: Michael M. Alba, Juan Miguel R. Montinola, Paulino Y. Tan, Angelina P. Jose and Herminia I. Maliwat.

Approval of the subscription of the Corporation of Two Hundred Forty Nine Thousand Nine Hundred Ninety Five (249,995) shares in FEU Alabang, with a par value of One Hundred Pesos (₱100.00) per share, and of which Six Million Two Hundred Forty Nine Thousand Five Hundred Pesos (₱6,249,500.00) was paid.

11. Board of Trustees' meeting on December 18, 2012:

Declaration of ₱12.00/share cash dividend on record as of January 8, 2013, payable on January 23, 2013.

12. On December 21, 2012:

Acquiring of a loan from the Bank of the Philippine Islands (BPI) on December 11, 2012 for the purchase of a 1.8 hectare property from Filinvest Alabang, Inc. in line with FEU's expansion in Metro Manila.

13. Board of Trustees meeting held on March 19, 2013:

Appropriation from the retained earnings as of March 31, 2013 the amount of One Billion Six Hundred Twenty Eight Million Seven Hundred Thirty Three Thousand One Hundred Pesos (₱1,628,733,100.00) as follows:

Reserved for Property Acquisition and Investment	₱	1,150,000,000.00
Reserved for Expansion and Improvement of Facilities		300,000,000.00
Reserved for Purchase of Equipment		75,000,000.00
Reserved for General Retirement		90,000,000.00
Reserved for Contingencies		10,000,000.00
Reserved for Treasury Shares		3,733,100.00
Total	₱	1,628,733,100.00

Item 8: Voting Procedures:

Voting upon all questions at all meetings of the stockholders shall be made by shares of stock and not per capita or otherwise, each share of stock being counted as one vote.

Registrant's shares of stock entitle the holders thereof to one vote at any stockholders' meeting. Stockholders are given cumulative voting rights for the election of trustees.

All matters to be decided shall require the affirmative vote of the majority of the corporation's shares present, or represented and entitled to vote at the Annual Meeting. Likewise, Trustees shall be elected with a majority vote of the shares present or represented.

Election is through ballots or other means to be approved by the stockholders.

With respect to the election of nine (9) trustees, each shareholder may vote such number of shares for as many as nine persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by nine shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by nine.

Using cumulative voting, the formula for finding the total number of votes needed for one seat in the Board is:

$$x = \frac{A \times B}{C + 1}$$

where A = total number of shares voting
B = number of Directors desired to be elected
C = number of Directors to be elected

Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him.

Method by Which Votes Will be Counted

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

The Corporate Secretary is the officer authorized to count the votes to be cast in the forthcoming annual stockholders' meeting.

PART II
INFORMATION REQUIRED IN A PROXY FORM

Items 1 and 2:

KNOW ALL MEN BY THESE PRESENTS:

The undersigned stockholder of FAR EASTERN UNIVERSITY, INC. (the "Corporation") does hereby name, constitute and appoint:

Mr./Ms. Chairperson, Lourdes R. Montinola, or in his/her absence,
Mr./Ms. The Vice Chairman, Aurelio R. Montinola III, or in his/her absence,

the Chairman of the Meeting

to be my true and lawful attorney and for me and in my name, place and stead to vote at the Annual Stockholders' Meeting on August 24, 2013 at Manila and at any adjournment thereof, wherein the following matters will be considered and I hereby authorize the above named proxy to vote as follows:

Matters	Approve	Disapprove	Abstain
Previous Meeting: Regular – August 25, 2012			
Academic Report of the President			
Annual Report of the Chairman			
Ratification and confirmation of the actions of the Board of Trustees			
Election of Trustees/Independent Trustees			
Nominees for Trustees:			
Dr. Lourdes R. Montinola	______	______	______
Dr. Michael M. Alba	______	______	______
Mr. Aurelio R. Montinola III	______	______	______
Mrs. Angelina P. Jose	______	______	______
Dr. Paulino Y. Tan	______	______	______
Atty. Gianna R. Montinola	______	______	______
______ For all nominees			
______ Withhold Authority to Vote			
Nominees for Independent Trustees:			
Ms. Sherisa P. Nuesa	______	______	______
Mr. Robert F. Kuan	______	______	______
Dr. Edilberto C. de Jesus	______	______	______
______ Withhold Authority to Vote			
Appointment of External Auditor			
Other Matters			

Please check column on approved, disapproved, or abstain to vote for the nominees. You can check all, or check only one or two, depending on your choice.

In the event that this Proxy is returned without a choice having been made in any or all of the above items, the undersigned hereby authorizes the appointed proxy to vote in his or her behalf, at this proxy's discretion, to approve or disapprove the matters to be acted upon in the meeting.

In addition, I hereby grant discretionary powers to the above named proxy as to matters incidental to the conduct of the meeting.

IN WITNESS WHEREOF, I have set my hand this _____day of ________2013 at ______________.

Signature of Stockholder/ Authorized Representative : ____

Printed Name of Signatory/Stockholder/ Authorized Representative : ____

Title of Signatory : ____
(For Corporate Stockholders)

Number of Shares : ____

W I T N E S S E S

_________________________   _________________________

- A proxy executed by a corporate stockholder shall be in the form of a board resolution duly certified by the Corporate Secretary or in this proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the proxy.
- This proxy form is not required to be notarized.

THIS PROXY IS BEING SOLICITED IN BEHALF OF FAR EASTERN UNIVERSITY, INC.

Item 3: Revocability of Proxy

The person giving the proxy has the right to revoke the proxy by personal appearance or execution of a proxy at a later date, subject to the pertinent requirements of the law and SEC Circular Number 5, Series of 1996.

Item 4: Persons Making the Solicitation

The solicitation is being made by the Registrant for the purpose of having the matters subject of the annual meeting approved by the stockholders, namely:

a. approval of the minutes of the annual meeting of stockholders held on August 25, 2012;
b. approval of the Annual Report of the Chairman and the Academic Report of the President to the stockholders for fiscal year ending March 31, 2013;
c. ratification and confirmation of the actions of the Board of Trustees;
d. election of Trustees/Independent Trustees;
e. appointment of External Auditor;
f. such other matters as may properly come before the meeting and other actions of the Board of Trustees done and taken during the preceding year.

None of the members of the Board of Trustees has informed the Registrant in writing that he/she intends to oppose any action intended to be taken up at the meeting as aforementioned.

All costs of solicitation for the proxies are approximately in the amount of ₱250,000.00 which shall be borne by the Registrant.

Solicitation shall be conducted by the Registrant through mail and personal delivery, and not by especially engaged employees. LBC Express, Inc., formerly known as Luzon Brokerage Corporation, the designated courier which will deliver the proxy statement has approximately 6,000 employees. It will charge a rate of ₱60.00 exclusive of 12% VAT for special delivery. There are no material features of the contract with the courier that need to be disclosed. The Registrant has no knowledge if solicitation for purposes of opposing a solicitation will be conducted.

Item 5: Interest of Certain Persons in Matters to be Acted Upon

None of the members of the Board of Trustees or senior management has substantial interest in the matters to be acted upon by the stockholders in the annual stockholders’ meeting.

PART III

MANAGEMENT REPORT

1. Brief Description of the General Nature and Scope of the Business of the Registrant and its Subsidiaries

2. Market Price and Dividends

3. Top 20 Stockholders as of June 30, 2013

4. Management Discussion and Analysis or Plan of Operation

5. Statement of Management's Responsibility for Financial Statements

6. Compliance Report

7. Audited Financial Statements March 31, 2013, 2012 and 2011 with accompanying notes to Financial Statements

8. Consolidated Financial Statements March 31, 2013, 2012 and 2011 with accompanying notes to Financial Statements

1. **Brief Discussion of Business**

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. On March 17, 2009, CHED extended the University's deregulated status for another five years, that is, from March 11, 2009 until March 30, 2014. Far Eastern University – Manila was granted the autonomous status effective July 25, 2012 until May 31, 2014.

FEU EAST ASIA COLLEGE

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

Currently, the College offers the following courses:

Engineering Programs:

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

Computer Studies Programs:

- B.S. Computer Science, with specialization in
  - Software Engineering
- B.S. Information Technology, with specialization in
  - Digital Arts
  - Web Applications Development
  - Animation and Game Development

Associate in Computer Technology (Diploma course)

Master in Information Technology

Proving to be a venue “Where Industry meets Academe,” FEU - East Asia College has strong partnership with the larger community and has excellent Computer and Engineering curricula which are relevant to the current industry trends and needs.

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

FEU FERN COLLEGE

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

The Basic Education Department, offering classes from Pre-school to High School, is committed to providing education in a safe and supportive environment that promotes self-discipline, motivation, and excellence in learning. It continues to educate its students to do critical thinking, to be articulate, and to take initiative in their endeavors. The department has aligned its curriculum for all grade levels with the requisites of the K-12 curriculum.

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

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

FAR EASTERN COLLEGE SILANG, INC.

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

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

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

2. Market Prices of Common Stocks: (Phil.Stock Exchange,Inc.) and Dividends Declared

The Philippine Stock Exchange, Inc. is the principal market where the shares of stock of the corporation are being 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 2012 to June 2013:

2012	High	Low	Close
Apr	960.00	900.00	930.00
May	965.00	915.00	960.00
Jun	985.00	940.00	975.00
Jul	1,020.00	955.00	970.00
Aug	1,000.00	970.00	1,000.00
Sep	1,100.00	970.00	1,060.00
Oct	1,065.00	990.00	1,050.00
Nov	1,080.00	1,010.00	1,080.00
Dec	1,080.00	1,015.00	1,080.00
2013			
Jan	1,080.00	1,002.00	1,072.00
Feb	1,220.00	1,052.00	1,175.00
Mar	1,220.00	1,155.00	1,220.00
Apr	1,300.00	1,220.00	1,300.00
May	1,295.00	1,155.00	1,275.00
June	1,275.00	1,145.00	1,200.00
July*	1,200.00	1,150.00	1,195.00

* As of July 5, 2013

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

A) April 01, 2013 - June 30, 2013

Period	High	Low	Close
First Quarter	₱ 1,290.00	₱ 1,173.33	₱ 1,258.33

B) April 01, 2012 - March 31, 2013

Period	High	Low	Close
First Quarter	₱ 970.00	₱ 918.33	₱ 955.00
Second “	1,040.00	965.00	1,010.00
Third “	1,075.00	1,005.00	1,070.00
Fourth “	1,173.33	1,069.67	1,155.67

C) April 01, 2011 - March 31, 2012

Period	High	High Adj.	Low	Low Adj.	Close	Close Adj.
First Quarter	₱ 836.67	₱ 597.62	₱ 768.33	₱548.81	₱ 816.67	₱577.33
Second “	1,159.00	827.86	983.33	704.76	1,135.17	810.83
Third “	1,355.00	1,064.52	1,019.00	878.29	1,086.67	976.19
Fourth “	1,050.00	1,050.00	891.67	891.67	985.67	985.67

Dividends:

Cash Dividend:

April 1, 2012 – March 31, 2013

Payment Date	Outstanding Shares	Cash Dividend Rate	Amount
July 18, 2012	13,731,303	₱12.00/share	₱164,775,636.00
Jan. 23, 2013	13,731,303	12.00/share	164,775,636.00
			₱329,551,272.00

April 1, 2011 – March 31, 2012

Payment Date	Outstanding Shares	Cash Dividend Rate	Amount
July 20, 2011	9,808,448	₱15.00/share	₱147,126,720.00
Feb. 17, 2012	13,731,303	12.00/share	164,775,636.00
			₱311,902,356.00

Stock Dividend:

No stock dividend for the period April 1, 2012 to March 31, 2013 was declared.

Restrictions on Dividends

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

Recent Sales of Unregistered or Exempt Securities

There are no sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

3. Number of Shareholders

There are 1,496 common stockholders holding a total of 13,731,303 outstanding shares as of June 30, 2013.

The following are the top 20 stockholders:

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	2,955,115 – D	Filipino	21.5210
3. Common	Desrey, Incorporated	1,098,720 – D	Filipino	8.0016
4. Common	Angelina D. Palanca	442,028 – D	Filipino	3.2191
5. Common	PCD Nominee Corporation (Filipino)	318,164 – D	Filipino	2.3171
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 Montinola III	261,510 – D	Filipino	1.9045
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 Corporation	149,070 – D	Filipino	1.0856
12. Common	Amon Trading Corporation	119,800 – D	Filipino	0.8725
13. Common	ZARE, Inc.	69,468 – D	Filipino	0.5059
14. Common	Rosario P. Melchor	67,519 – D	Filipino	0.4917
15. Common	Juan Miguel R. Montinola	62,621 – D	Filipino	0.4560
16. Common	Rosario Panganiban Melchor	61,294 – D	Filipino	0.4464
17. Common	Gianna R. Montinola	60,374 – D	Filipino	0.4397
18. Common	Antonio R. Montinola	60,344 – D	Filipino	0.4395
19. Common	Mitos Sison	56,512 – D	Filipino	0.4116
20. Common	Consorcia P. Reyes	55,071 – D	Filipino	0.4011
	Total	**10,720,882**		**78.7622**

4. Management's Discussion and Analysis or Plan of Operation

Financial Position :

On March 31, 2010, the company had a total resources of P3,741.2 million, a total liability of P518.9 million and a net worth of P3,222.3 million. Company resources consisted of P2,484.6 million current assets and P1,256.6 million non-current assets. Most of the company's current assets were quick assets amounting to P2,393.7 million, an amount more than sufficient to cover the company's total liability of P518.9 million as they fall due. The company's net worth consisted of a paid-up capital, net of treasury stocks, amounting to P980.84 million; an accumulated fair value loss of P7.85 million; and a retained earnings of P2,233.54 million. The company's retained earnings consisted of a P1,675.1 million restricted/appropriated retained earnings and a P558.4 million free/unappropriated retained earnings.

As of March 31, 2011, total assets amounted to P4,046.7 million which was 8.16% higher than the previous year's P3,741.2 million. Total liabilities amounted to P468.3 million which was 9.75% lower than the previous year's P518.9 million. Equity amounted to P3,578.4 million which was 11.05% higher than the previous year's P3,222.3 million. 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. Total liabilities amounted to P488.3 million while total stockholders' equity reached P4,042.3 million. Compared to the previous year,assets and stockholders' equity increased by 11.95% and 12.96 % respectively. Liabilities also went up by 4.27%. Current ratio was 5.78:1 and debt was 12% of equity.

As of March 31, 2013, total assets amounted to P5,828.9 million which was 28.66% higher than the previous year's P4,530.6 million. Total liabilities amounted to P1,234.2 million which was 152.7% higher than the previous year's P488.3 million. Equity amounted to P4,594.7 million which was 13.66% higher than the previous year's P4,042.3 million. Current ratio was 5.88:1 and debt was 27% of equity.

For the past four (4) years, total assets increased at an average annual rate of 14.18% or P590.7 million a year. On the average, liabilities increased at around P164.3 million or 34.3% a year. The increase in asset and liability in 2013 is mainly due to newly acquired loan of P800 million.

(In Million Pesos)

Year	Total Assets	Increase (Decrease) Amount	Increase (Decrease) %	Total Liabilities	Increase (Decrease) Amount	Increase (Decrease) %
March 31, 2009	3,466.1			576.9		
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%
March 31, 2013	5,828.9	1,298.3	28.66%	1,234.2	745.9	152.75%
		2,362.8	56.72%		657.3	137.22%
Four year average		590.7	14.18%		164.3	34.3%

During the past four years, the company's solvency has always been favorable as shown by the following figures in million Pesos:

Year	Total Assets	Total Liabilities	Excess of Assets over Liabilities
March 31, 2010	P 3,741.2	P 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
March 31, 2013	5,828.9	1,234.2	4,594.7

As of March 31, 2013, the company has P4.72 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, 2010	P2,484.6	P518.9	P1,965.7
March 31, 2011	2,192.1	468.3	1,723.8
March 31, 2012	2,823.4	488.3	2,335.1
March 31, 2013	2,552.0	434.2	2,117.8

As of March 31, 2013, the company has P5.88 worth of current assets to pay for every P1.00 worth of current liability.

The stability 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, which were all more than enough to pay for the usual yearly cash dividends during the same period of time.

(In Million Pesos)

Year	Net Income	Cash Dividends Paid	%	Excess of Net Income over Cash Dividends Paid	%
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%
2012 – 2013	785.9	329.6	41.9%	456.3	58.1%
					218.8%
Four year average					54.7%

Based on the above figures, around 54.7% of each year's net income had been retained by the company. As a result, owner's equity steadily improved as follows:

(In Million Pesos)

Year	Owner's Equity	Increase (Decrease)	%
March 31, 2009	2,889.2		
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%
March 31, 2013	4,594.7	552.4	13.66%

As of March 31, 2013, owner's equity accounts for 78.83% of total assets. Since 43.78% of the company's total assets is current, the company can pay all its liabilities and still have 22.61% current assets and 56.22% non-current assets. In pesos, this would mean P1,317.8 million current assets and P3,276.9 million non-current assets after paying all liabilities amounting to P1,234.2 million as of March 31, 2013.

	In Million	%
Owners' Equity	P4,594.7	78.83%
Total Assets	5,828.9	100.00%
Non-Current Assets	3,276.9	56.22%
Current Assets	2,552.0	43.78%
Total Liabilities	1,234.2	21.17%
Current Assets after Total Liabilities	1,317.8	22.61%

Results of Operations

Net income after tax in 2009-2010 amounted to P594.4 million. Operating income contributed 77.74% while the 22.26% came from other income. Operating income, reached P521.7 million as a result of a total educational revenue of P1,844.5 million and a total operating expense of P1,322.8 million. Other income amounted to P149.4 million and came mainly from investment income (P87.9 million) and rental income (P39.2 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.

For the year 2012-2013, net income for the period amounted to P785.9 million and was 10.22% higher than the previous year's P713.0 million. This year's figure consisted of 70.76% operating profit and 29.24% other income. Operating profit increased by P98.95 million while other income slightly decreased by P6.2 million. As a result, net income after tax increased by P72.9 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. In 2011-2012, the first semester enrollment further increased to 26,848, thus further improving the company's operating profit. For 2012-2013, the first semester enrollment reached a record high of 29,580 and increased the company's operating income by as much as P99 million.

Other income consists largely of investment income. During the past four years, investment income accounted for 52.91% of the total other income. Rental income accounted for 24.59%, management fees accounted for 15.32% with the remaining 7.18% from other miscellaneous income.

A Look of What Lies Ahead

For school year 2013-2014, the first semester enrollment is at 28,814 which is 766 students (2.59%) less that last year's 29,580. The slight decrease in enrollment is due to this year's re-configuration of facilities resulting in a slightly lower maximum capacity and the intended improvement in faculty-student ratio.

The 2013-2014 tuition fee increase of 3.5% of basic is likewise lower than last year's 4.8%. Since only 10% of tuition fee increase goes to return on investment, the positive effect of this year's tuition fee increase to income is only .35% (3.5% x 10%).

The slight decrease in enrollment and the lower tuition fee increase will certainly have an adverse effect on income but with proper and better management of resources, we expect that this year's operating income would still be more than satisfactory.

With the company's current assets amounting to P2,552.0 million and non-current assets amounting to P3,276.9 million as of March 31, 2013 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, 2010	4.79:1
March 31, 2011	4.68:1
March 31, 2012	5.78:1
March 31, 2013	5.88:1

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, 2010	4.61:1
March 31, 2011	4.62:1
March 31, 2012	5.72:1
March 31, 2013	5.85:1

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, 2010	16%
March 31, 2011	13%
March 31, 2012	12%
March 31, 2013	27%

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, 2010	14%
March 31, 2011	12%
March 31, 2012	11%
March 31, 2013	21%

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, 2010	86%
March 31, 2011	88%
March 31, 2012	89%
March 31, 2013	79%

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, 2010	16%
March 31, 2011	16%
March 31, 2012	16%
March 31, 2013	13%

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, 2010	18%
March 31, 2011	18%
March 31, 2012	18%
March 31, 2013	17%

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

March 31, 2010	43.29
March 31, 2011	46.43
March 31, 2012	51.93
March 31, 2013	57.23

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

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

   Also, PACUCOA have granted Candidate status from March 2012 to March 2014 to:

   Master of Arts in Psychology
   Master of Arts in Education
   Doctor of 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:

Medical Technology, March 2013	10th place
Nursing, June 2012	9th place

V. Market Acceptability

1. Below is a schedule of the first semester enrollment for the past 5 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
2012-2013	29,580	2,732

2. Below is a schedule of Entrance and Entrance Merit Scholars for the past 5 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
2012-2013	1,599	256	1,855

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, 2010	March 31, 2011	March 31, 2012	March 31, 2013
Quick Assets	2,393.7	2,163.3	2,793.5	2,538.6
Current Assets	2,484.6	2,192.1	2,823.4	2,552.0
Non-Current Asset	1,256.6	1,854.6	1,707.2	3,276.9
Total Assets	3,741.2	4,046.7	4,530.6	5,828.9
Current Liabilities	518.9	468.3	488.3	434.2
Non-current Liabilities	-	-	-	800.0
Total Liabilities	518.9	468.3	488.3	1,234.2
Stockholder's Equity	3,222.3	3,578.4	4,042.3	4,594.7
Operating Income	521.7	523.0	539.8	638.8
Other Income	149.4	201.2	270.3	264.0
Net Profit before Tax	671.1	724.2	810.1	902.8
Net Profit after Tax	594.4	637.6	713.0	785.9
Other Comprehensive Income	17.4	12.8	62.9	96.0
Total Comprehensive Income	611.8	650.4	775.9	881.9

Total Outstanding shares :				
1. Actual	9,808,448	9,808,448	13,731,303	13,731,303
2. Earnings per share computation	13,731,303	13,731,303	13,731,303	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 branch (FEU Makati Campus) was opened in June 2010 at the Makati area to offer business courses. Its educational income for the year ended March 31, 2013 is P129.20 million while its operating expense for the same period amounted to P33.12 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. As the joint venture continues to incur losses, management fully impaired its investment. The allowance for impairment recognized in 2013 is presented in the 2013 statement of comprehensive income.

   In 2013, the University increased its subscription in common shares of EACCI to P60.1 million.

   Also in January 2013, FEU Alabang, Inc. was established with an authorized capital stock of P100 million. The University subscribed 25% or P25 million of the authorized capital stock; of which 25% or P6.2 million was paid as of March 31, 2013.

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 26,000 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 2012 - 2013

	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					
Technology	283,485,950.00	98,311,359.00	185,174,591.00	Manila	"
Alfredo Reyes Hall	120,941,348.00	46,761,892.00	74,179,456.00	"	"
Leasehold Improvement	378,676,709.00	41,204,256.00	337,472,453.00	"	"
FEU-EAC Annex	10,839,825.00	2,075,171.00	8,764,654.00	"	"
Science Building	108,953,796.00	30,983,380.00	77,970,416.00	"	"
Arts Building	32,209,460.00	9,912,714.00	22,296,746.00	"	"
Nicanor Reyes Hall	68,668,361.00	11,659,113.00	57,009,248.00	"	"
GEC & Educational Hall	-	-	-	"	"
Grade school	-	-	-	"	"
LB to SB Covered Walk	617,737.00	617,737.00	-	"	"
Covered Passage	3,202,126.00	1,077,076.00	2,125,050.00	"	"
Perimeter Fence	715,360.00	653,960.00	61,400.00	"	"
Campus Pavilion	1,661,650.00	543,770.00	1,117,880.00	"	"
Pavilion 2 & Pergola	310,000.00	310,000.00	-	"	"
Electrical Rooms	296,196.00	296,196.00	-	"	"
Chapel	5,068,611.00	-	5,068,611.00	"	"
Others	9,992,679.00	2,333,562.00	7,659,117.00	"	"
Grandstand	1,562,113.00	269,793.00	1,292,320.00	"	"
FEU Makati Campus	166,749,058.00	21,019,714.00	145,729,344.00	Makati	"
	1,193,950,979.00	268,029,693.00	925,921,286.00		
CONSTRUCTION IN PROGRESS	6,462,022.00	-	6,462,022.00	Manila	"
EQUIPMENTS					
Furnitures & Fixtures	37,389,957.00	23,967,796.00	13,422,161.00	Manila	"
Electrical & Mechanical	84,064,417.00	66,973,913.00	17,090,504.00	"	"
Information Technology	63,425,449.00	42,925,261.00	20,500,188.00	"	"
Transportation Equipment	29,762,240.00	18,014,643.00	11,747,597.00	"	"
Miscellaneous Fixed Assets	103,703,681.00	86,170,561.00	17,533,120.00	"	"
T o o l s	1,315,994.00	1,165,670.00	150,324.00	"	"
Museum Collection	9,050,199.00	-	9,050,199.00	"	"
Laboratory Equipment	2,754,825.00	492,674.00	2,262,151.00	"	"
Athletic & Sports Equipment	188,107.00	86,107.00	102,000.00	"	"
Musical Instrument	961,296.00	44,565.00	916,731.00	"	"
	332,616,165.00	239,841,190.00	92,774,975.00		
TOTAL	1,631,486,731.00	507,870,883.00	1,123,615,848.00		
II. INVESTMENT PROPERTIES:					
LAND	53,394,726.00	-	53,394,726.00	Manila	"
LAND - FILINVEST	1,022,555,681.00	-	1,022,555,681.00	Muntinglupa	"
	1,075,950,407.00		1,075,950,407.00		
COLLEGE OF ENGINEERING BUILDING	208,625,848.00	107,710,008.00	100,915,840.00	Manila	"
FEU SILANG 1	203,000,000.00	7,500,000.00	195,500,000.00	Cavite	"
FEU SILANG 11	221,138,050.00	7,262,333.00	213,875,717.00	"	"
	632,763,898.00	122,472,341.00	510,291,557.00		
TOTAL	1,708,714,305.00	122,472,341.00	1,586,241,964.00		
GRAND TOTAL	**3,340,201,036.00**	**630,343,224.00**	**2,709,857,812.00**		

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					
Technology	283,485,950.00	98,311,359.00	185,174,591.00	Manila	"
Alfredo Reyes Hall	120,941,348.00	46,761,892.00	74,179,456.00	"	"
Leasehold Improvement	378,676,709.00	41,204,256.00	337,472,453.00	"	"
FEU-EAC Annex	10,839,825.00	2,075,171.00	8,764,654.00	"	"
Science Building	108,953,796.00	30,983,380.00	77,970,416.00	"	"
Arts Building	32,209,460.00	9,912,714.00	22,296,746.00	"	"
Nicanor Reyes Hall	68,668,361.00	11,659,113.00	57,009,248.00	"	"
GEC & Educational Hall	-	-	-	"	"
Grade School	-	-	-	"	"
S B Covered Walk	617,737.00	617,737.00	-	"	"
Covered Passage	3,202,126.00	1,077,076.00	2,125,050.00	"	"
Perimeter Fence	715,360.00	653,960.00	61,400.00	"	"
Campus Pavilion	1,661,650.00	543,770.00	1,117,880.00	"	"
Pavilion 2 & Pergola	310,000.00	310,000.00	-	"	"
Electrical Rooms	296,196.00	296,196.00	-	"	"
Chapel	5,068,611.00	-	5,068,611.00		
Others	9,992,679.00	2,333,562.00	7,659,117.00	"	"
Grandstand	1,562,113.00	269,793.00	1,292,320.00	"	"
FEU Makati Campus	166,749,058.00	21,019,714.00	145,729,344.00	Makati	"
	1,193,950,979.00	268,029,693.00	925,921,286.00		
CONSTRUCTION IN PROGRESS	6,462,022.00	-	6,462,022.00	Manila	"
EQUIPMENTS					
Furnitures & Fixtures	37,389,957.00	23,967,796.00	13,422,161.00	Manila	"
Electrical & Mechanical	84,064,417.00	66,973,913.00	17,090,504.00	"	"
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Miscellaneous Fixed Assets	103,703,681.00	86,170,561.00	17,533,120.00	"	"
T o o l s	1,315,994.00	1,165,670.00	150,324.00	"	"
Museum Collection	9,050,199.00	-	9,050,199.00	"	"
Laboratory Equipment	2,754,825.00	492,674.00	2,262,151.00	"	"
Athletic & Sports Equipment	188,107.00	86,107.00	102,000.00	"	"
Musical Instrument	961,296.00	44,565.00	916,731.00	"	"
	332,616,165.00	239,841,190.00	92,774,975.00		
TOTAL	1,631,486,731.00	507,870,883.00	1,123,615,848.00		
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LAND - FILINVEST	1,022,555,681.00	-	1,022,555,681.00	Muntinglupa	"
	1,075,950,407.00		1,075,950,407.00		
COLLEGE OF ENGINEERING BUILDING	208,625,848.00	107,710,008.00	100,915,840.00	Manila	"
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	632,763,898.00	122,472,341.00	510,291,557.00		
TOTAL	1,708,714,305.00	122,472,341.00	1,586,241,964.00		
GRAND TOTAL	**3,340,201,036.00**	**630,343,224.00**	**2,709,857,812.00**		

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	**P**	**53,815,767.32**	**July 1, 2012**
Nursing Building - an eight (8) storey building made of concrete materials located on Nicanor Reyes St., Manila		**plus applicable VAT**	**to June 30, 2013**
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**.

6. 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 2012 certification to the Securities and Exchange Commission on the extent of the company's compliance with its manual on February 01, 2013.

- 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.

- Far Eastern University (FEU) submitted the hard copy of its Annual Corporate Governance Report (ACGR) to the Securities and Exchange Commission (SEC) on July 1, 2013. Likewise, FEU sent an electronic copy of the said report to the Philippine Stock Exchange (PSE) on the same date.

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1008
www.feu.edu.ph

NOTICE OF UNDERTAKING

The management of Far Eastern University agrees to distribute copies of FEU's Financial Statement for the quarter ending June 30, 2013 to all attendees during the forthcoming annual stockholders meeting to be held on August 24, 2013.

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

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, 2013 and 2012, 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, 2013
d. Schedule of Financial Indicators for March 31, 2013 and 2012
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

MICHAEL M. ALBA
President and Chief
Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSRIBED AND SWORN to before me this 11th day of June 2013, affiants exhibiting their Tax Identification Numbers as follows:

Name	TIN	Place Issued
Lourdes R. Montinola	205-212-869	Philippines
Michael M. Alba	157-483-273	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines

NOTARY PUBLIC
ENRICO G. GILERA
Notary Public for Manila
Until December 2013
PTR No. 1417601; 01.07.2013; Manila
IBP No. 922720;01.08.2013;PPLM
Roll No. 35145; May 27, 1988
Compliance No. 11-0018920
Unit 403, Doña Consuelo Bldg,
929 Nicanor Reyes Street, Manila
Tel No. 736-4975

Doc. No. 25
Page No. 6
Book No. VIII
Series of 2013.

Punongbayan & Araullo

An instinct for growth™

Financial Statements and
Independent Auditors' Report

The Far Eastern University, Incorporated

March 31, 2013, 2012 and 2011

Punongbayan & Araullo

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Report of Independent Auditors

19th and 20th Floors, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 886 5511
F +63 2 886 5506
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, 2013, 2012 and 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Far Eastern University, Incorporated as at March 31, 2013, 2012 and 2011, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

LARGE TAXPAYERS ASSISTANCE DIVISION I
Date 02 JUL 2013 SDS
RECEIVED
CRISTINA C. DE GUZMAN

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, 2013 required by the Bureau of Internal Revenue as disclosed in Note 25 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. 3671446, January 2, 2013, 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, 2015)

June 18, 2013

LARGE TAXPAYER SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date 02 JUL 2013 SDS
RECEIVED
CRISTINA C. DE GUZMAN

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012	2011
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	6	P 195,608,838	P 421,846,871	P 342,506,590
Trade and other receivables - net	7	327,223,560	758,811,847	558,164,424
Financial assets at fair value through profit or loss	8	18,629,900	-	8,456,381
Available-for-sale financial assets	8	1,997,186,488	1,612,888,940	1,254,185,359
Other current assets		13,332,513	29,853,986	28,798,292
Total Current Assets		2,551,981,299	2,823,401,644	2,192,111,046
NON-CURRENT ASSETS				
Due from a related party	20	-	114,610,613	394,489,204
Available-for-sale financial assets	8	367,039,668	335,300,863	311,515,573
Investments in subsidiaries, an associate and a joint venture - net	9	187,313,364	147,313,489	121,313,489
Investment properties - net	10	1,586,241,963	163,711,490	174,092,814
Property and equipment - net	11	1,123,615,852	932,925,048	841,991,794
Deferred tax assets - net	19	8,747,720	9,424,385	7,250,042
Refundable deposits		3,929,796	3,929,796	3,929,796
Total Non-current Assets		3,276,888,363	1,707,215,684	1,854,582,712
TOTAL ASSETS		P 5,828,869,662	P 4,530,617,328	P 4,046,693,758
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	12	P 424,007,788	P 414,402,473	P 367,931,811
Unearned tuition fees	14	-	31,922,493	52,694,576
Income tax payable		10,204,672	41,982,049	47,712,327
Total Current Liabilities		434,212,460	488,307,015	468,338,714
NON-CURRENT LIABILITY				
Interest-bearing loan	13	800,000,000	-	-
Total Liabilities		1,234,212,460	488,307,015	468,338,714
EQUITY				
Capital stock	21	1,376,863,400	1,376,863,400	984,577,900
Treasury stock - at cost	21	(3,733,100)	(3,733,100)	(3,733,100)
Revaluation reserves	8	179,511,293	83,549,498	20,650,845
Retained earnings	21			
Appropriated		1,628,733,100	1,718,503,100	1,853,733,100
Unappropriated		1,413,282,509	867,127,415	723,126,299
Total Equity		4,594,657,202	4,042,310,313	3,578,355,044
TOTAL LIABILITIES AND EQUITY		P 5,828,869,662	P 4,530,617,328	P 4,046,693,758

See Notes to Financial Statements.

LARGE TAXPAYER SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date 02 JUL 2013 SDS
RECEIVED
CRISTINA C. DE GUZMAN

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes		2013		2012		2011
EDUCATIONAL REVENUES	14						
Tuition fees - net		P	2,108,685,663	P	2,006,269,518	P	1,940,687,592
Other school fees			46,911,603		35,545,655		34,242,601
			2,155,597,266		2,041,815,173		1,974,930,193
OPERATING EXPENSES	15		1,516,803,926		1,501,971,010		1,451,911,734
OPERATING PROFIT			638,793,340		539,844,163		523,018,459
OTHER INCOME (CHARGES)							
Finance income	16		246,168,491		224,891,416		170,798,293
Finance costs	16	(	144,983,666)	(	74,467,660)	(	42,137,064)
Rental	10		66,588,796		63,630,627		48,184,478
Management fees	20		55,358,978		47,857,409		18,303,571
Miscellaneous - net	17		40,894,320		8,340,883		6,030,925
			264,026,919		270,252,675		201,180,203
PFOFIT BEFORE TAX			902,820,259		810,096,838		724,198,662
TAX EXPENSE	19		116,883,893		97,085,446		86,631,665
NET PROFIT	22		785,936,366		713,011,392		637,566,997
OTHER COMPREHENSIVE INCOME							
Fair value gains, net of tax	8		95,961,795		62,898,653		12,793,283
TOTAL COMPREHENSIVE INCOME		P	881,898,161	P	775,910,045	P	650,360,280
Earnings Per Share							
Basic and Diluted	22	P	57.24	P	51.93	P	46.43

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total Equity
Balance at April 1, 2012		P 1,376,863,400	(P 3,733,100)	P 83,549,498	P 1,718,503,100	P 867,127,415	P 4,042,310,313
Comprehensive income							
Net profit for the year		-	-	-	-	785,936,366	785,936,366
Fair value gains for the year	8	-	-	95,961,795	-	-	95,961,795
Total comprehensive income		-	-	95,961,795	-	785,936,366	881,898,161
Transactions with owners							
Reversal of appropriations during the year	21	-	-	-	(210,000,000)	210,000,000	-
Appropriations for the year	21	-	-	-	120,230,000	(120,230,000)	-
Cash dividends	21	-	-	-	-	(329,551,272)	(329,551,272)
Total transactions with owners		-	-	-	(89,770,000)	(239,781,272)	(329,551,272)
Balance at March 31, 2013		**P 1,376,863,400**	**(P 3,733,100)**	**P 179,511,293**	**P 1,628,733,100**	**P 1,413,282,509**	**P 4,594,657,202**
Balance at April 1, 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
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	21	-	-	-	(1,735,000,000)	1,735,000,000	-
Appropriations for the year	21	-	-	-	1,599,770,000	(1,599,770,000)	-
Stock dividends	21	392,285,500	-	-	-	(392,285,500)	-
Cash dividends	21	-	-	-	-	(311,954,776)	(311,954,776)
Total transactions 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
Balance at April 1, 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
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	21	-	-	-	557,967,418	(557,967,418)	-
Reversal of appropriations during the year	21	-	-	-	(379,333,335)	379,333,335	-
Cash dividends	21	-	-	-	-	(294,253,440)	(294,253,440)
Total transactions with owners		-	-	-	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

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 902,820,259	P 810,096,838	P 724,198,662
Adjustments for:				
Interest income	16	(227,538,591)	(224,891,416)	(162,341,912)
Depreciation and amortization	15	98,965,895	98,466,077	87,078,727
Impairment loss on advances to a joint venture	7, 16	47,182,040	-	-
Impairment loss on other receivables	7, 16	36,723,687	-	-
Fair value loss (gain) on financial assets at fair value through profit or loss	16	(18,629,900)	9,602,353	(8,456,381)
Unrealized foreign exchange losses	16	10,765,731	12,601,630	6,211,593
Impairment loss on investments in a joint venture	9, 17	6,250,000	-	-
Interest expense	16	-	5,559,202	3,416,389
Operating profit before working capital changes		856,539,121	711,434,684	650,107,078
Decrease (increase) in trade and other receivables		(18,512,678)	(65,765,807)	9,613,589
Decrease (increase) in other assets		5,888,930	(1,055,694)	60,890,003
Increase (decrease) in trade and other payables		(7,857,874)	42,203,611	25,644,784
Decrease in unearned tuition fees		(31,922,493)	(20,772,083)	(3,568,992)
Cash generated from operations		804,135,006	666,044,711	742,686,462
Interest paid		-	(5,559,202)	(3,416,389)
Income taxes paid		(137,352,061)	(104,990,067)	(84,957,901)
Net Cash From Operating Activities		666,782,945	555,495,442	654,312,172
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of investment properties	10	(1,440,114,100)	-	-
Collection of receivables from related parties	20	352,632,292	44,145,390	19,140,193
Acquisitions of property and equipment	11	(264,494,072)	(179,018,007)	(196,480,247)
Additions in available-for-sale investments	8	(249,987,192)	(382,201,233)	(499,934,877)
Proceeds from withdrawal of available-for-sale investments		121,577,771	50,000,000	113,912,058
Collections of due from a related party	20	114,610,613	64,028,118	-
Additional investments in subsidiaries, an associate and a joint venture	9	(78,431,915)	(19,604,637)	-
Collection of loans receivable	7	55,200,000	92,500,000	312,968,845
Interest received		19,165,823	207,832,273	147,034,401
Interest paid	13	(7,579,000)	-	-
Additional advances to related parties	20	(3,470,384)	(45,012,754)	(327,864,828)
Decrease in held-to-maturity investments	2	-	-	20,000,000
Net Cash Used in Investing Activities		(1,380,890,164)	(167,330,850)	(411,224,455)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loan	13	800,000,000	-	-
Dividends paid	21	(312,088,083)	(308,833,696)	(371,187,267)
Net Cash From (Used in) Financing Activities		487,911,917	(308,833,696)	(371,187,267)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(42,731)	9,385	(527,825)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(226,238,033)	79,340,281	(128,627,375)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		421,846,871	342,506,590	471,133,965
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 195,608,838	P 421,846,871	P 342,506,590

Supplemental Information on Noncash Operating, Investing and Financing Activities:

1) In 2013, 2012 and 2011, 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 21).

2) In 2013, the University subscribed to additional shares of East Asia Computer College, Inc. amounting to P40.0 million, P7.5 million of which was settled through offsetting of advances (see Notes 7 and 20).

3) In 2012, the University declared and issued stock dividends amounting to P392.3 million (see Note 21).

4) In 2012, the University subscribed to additional 260,000 shares from the unissued capital stock of Far Eastern College Silang, Inc.'s (FECSI) 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 Notes 9 and 20).

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013, 2012 AND 2011
(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.

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

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, 2013 (including the comparatives for the years ended March 31, 2012 and 2011) were authorized for issue by the Board of Trustees (BOT) on June 18, 2013.

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 (IASB).

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.

Two comparative periods are presented for the statement of financial position when the University applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2013 that are Relevant to the University

In 2013, the University adopted the following amendments to PFRS that are relevant to the University and effective for financial statements for the annual period beginning on or after July 1, 2011 or January 1, 2012:

PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Transfers of Financial Assets
PAS 12 (Amendment)	:	Income Taxes – Deferred Taxes: Recovery of Underlying Assets

Discussed below are the relevant information about these amended standards.

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets*. 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 did not result in any significant change in the University's disclosures in its financial statements.

(ii) PAS 12 (Amendment), *Income Taxes – Deferred Tax: Recovery of Underlying Assets*. The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property*, should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretation Committee 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets*, is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment* should always be measured on a sale basis of the asset. The amendment has no significant impact on the University's financial statements as the University's investment properties and land classified as property, plant and equipment are measured at cost.

(b) Effective in Fiscal Year 2013 that is not Relevant to the University

PFRS 1, *First-time Adoption of PFRS*, was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time. The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the University's financial statements.

(c) Effective Subsequent to Fiscal Year 2013 but not Adopted Early

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2013. Management has initially determined the following pronouncements, which the University will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) 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 available-for-sale (AFS) financial assets, can be reclassified to profit or loss when specified conditions are met.

(ii) Consolidation Standards

The University is currently reviewing the impact on its 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 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 structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Amendment), *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 PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Amendment), *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, *Joint Arrangement*.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(iii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's financial position. 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.

(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. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the University's financial statements.

(v) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The University does not expect this amendment to have a significant impact on its financial statements.

(vi) PFRS 9, Financial Instruments: *Classification and Measuremen*t (effective from January 1, 2015). This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it 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 arrangement, 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 accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address certain application issues.

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 it plans to conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(vii) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the University but management does not expect a material impact on the University's financial statements:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies the requirements for presenting comparative information for the following:

- Requirements for opening statement of financial position

  If an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position.

  Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- Requirements for additional comparative information beyond minimum requirements

  If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory.

(c) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments*. The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

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

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

Subsidiaries are entities over which the University has the power to control the financial and operating 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. Control also exists in exceptional cases when the University owns half or less than half the voting power of an entity when there is: (a) power over more than half of the voting rights by virtue of an agreement with other investors; (b) power to govern the financial and operating policies of the entity under a statute or an agreement; (c) power to appoint or remove the majority of the members of the BOT or equivalent governing board or body; or (d) power to cast the majority votes at meetings of the BOT or equivalent governing body and control of the entity is by that board or body.

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

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

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

2.4 Financial Assets

Financial assets are recognized when the University becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at 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 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 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 meets certain conditions and are designated by the entity to be carried at fair value through profit or loss 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 fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The University has derivative assets that are presented as Financial Assets at Fair Value through Profit or Loss account in the statement of financial position.

The University enters into a cross currency swap agreement 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 future 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, Trade and Other Receivables (excluding advances to employees), Due from a Related Party and Refundable Deposits in the statement of financial position.

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

(c) *AFS Financial Assets*

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

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves 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 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 Costs or Finance Income in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to 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, 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 Other Assets

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

Where future economic benefits are expected to flow to the University beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), these other assets are classified under the non-current category.

2.6 Property and Equipment

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

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

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

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

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

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

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

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

2.7 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.

2.8 Financial Liabilities

Financial liabilities, which include, Interest-bearing Loan and Trade and Other Payables (except tax-related liabilities), are recognized when the University becomes a party to the contractual terms of the instrument.

Interest-bearing loan is raised for the establishment of the new campus to be leased out by the University to a subsidiary (see Note 2.18).

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 end of 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 end of the reporting period. Otherwise, these are presented as non-current liabilities.

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

2.9 Offsetting Financial Instruments

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

2.10 Provisions and Contingencies

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

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

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

2.11 Revenue and Expense Recognition

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

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

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

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

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

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

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

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

2.12 Leases

The University accounts for its leases as follows:

(a) *University as Lessee*

Leases which do not transfer to the University substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss 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.

2.13 Foreign Currency Transactions and Translation

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

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

2.14 Impairment of Non-financial Assets

The University's investments in subsidiaries, an associate and a joint venture, property and equipment, investment properties and other non-financial assets are 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.

2.15 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 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 Trade and Other Payables account in the statement of financial position at the undiscounted amount that the University expects to pay as a result of the unused entitlement.

2.16 Deposits Payable

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

2.17 Trust Funds

This represents restricted funds of the University that are intended for student's NSTP and other specific educational purposes. The University administers the use of these funds based on the specific purpose such funds are identified with. This is presented as NSTP Trust Funds under Trade and Other Payables account in the statement of financial position.

2.18 Borrowing Costs

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

2.19 Income Taxes

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

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

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

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, respectively.

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

2.20 Related Party Relationships and Transactions

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

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

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

2.21 Equity

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

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

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

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

2.22 Earnings Per Share

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

Diluted 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.

2.23 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The 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 NSTP. 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 Trade and Other Payables 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 NSTP is the only fund that has attached conditions and restrictions which need to be satisfied before revenues may be recognized.

As of March 31, 2013, the outstanding trust fund amounted to P11.7 million presented as NSTP Trust Funds under Trade and Other Payables in the 2013 statement of financial position. In 2012 and 2011, there is no outstanding trust funds as management assessed that the entire amount of trust funds have been utilized for their intended purposes (see Note 12).

(b) 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 Financial Assets. However, when 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 Financial Assets are presented in Notes 6 and 8, respectively.

(c) *Impairment of AFS Financial Assets*

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the University evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. Based on the recent evaluation of information and circumstances affecting the University's AFS Financial Assets, management concluded that the assets are not impaired as of March 31, 2013, 2012 and 2011. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(d) *Amortization of Leasehold Improvements*

The University's leasehold improvements are amortized over 20 years, which is the estimated useful life of the asset (see Notes 2.6 and 11) regardless of the term of the lease contracts which is usually shorter than the expected useful life of the improvements because it is highly probable that the lease contract will be renewed before the end of such contract. A decision by management not to renew its lease agreement will result in a significant change in profit or loss in the period such decision is made.

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

(f) *Distinction between Operating and Finance Lease*

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

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Note 2.10 and relevant disclosures are presented in Note 23.

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) Impairment of Trade and Other 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.

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 Financial Assets 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 2013, 2012 and 2011 are presented as Fair value gains or losses on financial assets at FVTPL under Finance Income or Finance Costs in the 2013, 2012 and 2011 statements of comprehensive income.

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

The University estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of investment properties and property and equipment are presented in Notes 10 and11, respectively. Based on management's assessment as at March 31, 2013, 2012 and 2011, there is no change in the estimated useful lives of the assets during those years. Actual results, however, may vary due to changes in factors mentioned above.

(d) 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.

(e) Impairment of Non-financial Assets

The University's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.14. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. In 2013, the management assessed that the full amount of investment in a joint venture is already impaired (see Note 9). On the other hand, based on management assessment, the University did not recognize any impairment loss on investment properties, property and equipment, and investments in subsidiaries and an associate in 2013, 2012 and 2011.

(f) Determining Realizable Amount of Deferred Tax Assets

The University reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at March 31, 2013, 2012 and 2011 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 19.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

4.1 Market Risk

(a) Foreign Currency Risk

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

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

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

	2013		2012		2011	
	U.S. Dollar	**Euro**	U.S. Dollar	Euro	U.S. Dollar	Euro
Short-term exposure:						
Financial assets	**P 3,962,877**	**P -**	P 966,857	P -	P 3,281,301	P -
Long-term exposure:						
Financial assets	**P 147,193,807**	**P 58,496,721**	P 154,607,790	P 63,560,026	P 89,369,158	P 68,190,146

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

	2013			2012			2011		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity before tax**	Reasonably possible change in rate	Effect on profit before tax	Effect on equity before tax	Reasonably possible change in rate	Effect on profit before tax	Effect on equity before tax
PhP - USD	**14.25%**	**P 564,570**	**P 20,969,907**	8.07%	P 78,069	P 12,483,869	18.10%	P 594,026	P 16,178,821
PhP - EUR	**17.58%**	**-**	**10,285,726**	27.98%	-	17,781,023	17.36%	-	11,839,833
		P 564,570	**P 31,255,633**		P 78,069	P 30,264,892		P 594,026	P 28,018,654

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

(b) Interest Rate Risk

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

	Notes	**2013**	2012	2011
Cash and cash equivalents	6	**P 195,608,838**	P 421,846,871	P 342,506,590
AFS financial assets	8	**387,140,915**	144,513,737	530,183,752
Restricted cash and cash equivalents		**-**	5,000,000	5,000,000
		P 582,749,753	P 571,360,608	P 877,690,342

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, 2013, 2012 and 2011.

	2013		2012		2011	
	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	**+/-0.41%**	**P 803,902**	+/-0.98%	P 4,131,333	+/-0.53%	P 1,815,285
AFS financial assets	**+/-1.16%**	**4,487,238**	+/-1.21%	1,748,616	+/-1.48%	7,846,720
Restricted cash and cash equivalents		**-**	+/-0.98%	48,836	+/-0.53%	26,500
		P 5,291,140		P 5,928,785		P 9,688,505

(c) Other Price Risk

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

For equity securities listed in the Philippines, an average volatility of 12.27%, 15.74% and 18.98% has been observed during 2013, 2012 and 2011, respectively. If quoted price for these securities increased or decreased by that amount profit before tax would have changed by P40.7 million, P11.9 million and P28.6 million in 2013, 2012 and 2011, respectively.

No sensitivity analysis was provided for government and corporate bonds, and investments in trust classified as AFS financial assets as management deemed that the risk at the end of the year is unrepresentative of a risk inherent in financial instruments.

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.

4.2 Credit Risk

Credit risk represents the loss the University would incur if the counterparty fails to perform its contractual obligations. The credit risk for cash and cash equivalents and AFS financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution. The University's exposure to credit risk on its receivables related primarily to the inability of the debtors to pay and students to fully settle the unpaid balance of tuition fees and other charges which are owed to the University based on installment payment schemes. The University has established controls and procedures to minimize risks of 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.

The significant amount of loans to Fern Realty Corporation (FRC) in 2012 which is not a considered high risk considering that FRC is a subsidiary of the University, was fully settled in 2013 (see Notes 20.1 and 20.2). With respect to credit risk arising from cash and cash equivalents, trade and other receivables, due from a related party and AFS financial assets, 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	**2013**	2012	2011
Cash and cash equivalents	6	**P 195,608,838**	P 421,846,871	P 342,506,590
Receivables	7	**320,180,882**	398,970,095	409,319,713
Financial assets at FVTPL	8	**18,629,900**	-	8,456,381
AFS financial assets (except equity securities)	8	**2,032,631,347**	1,740,068,298	1,414,943,419
Restricted cash and cash equivalents		**-**	5,000,000	5,000,000
Due from a related party – gross	20.1	**-**	465,156,538	529,184,656
Refundable deposits		**3,929,796**	3,929,796	3,929,796
		P2,570,980,763	P3,034,971,598	P2,713,340,555

The table below shows the credit quality of the University's financial assets as of March 31, 2013, 2012 and 2011 having past due components.

	Notes	Neither past due nor impaired	Past due and impaired	Total
2013				
Cash and cash equivalents	6	P 195,608,838	P -	P 195,608,838
Receivables	7	256,016,629	123,297,810	379,314,439
Financial assets at FVTPL	8	18,629,900	-	18,629,900
AFS financial assets (except equity securities)	8	2,032,631,347	-	2,032,631,347
Refundable deposits		3,929,796	-	3,929,796
		P2,506,816,510	**P 123,297,810**	**P2,630,114,320**
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 financial assets (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	20.1	465,156,538	-	465,156,538
Refundable deposits		3,929,796	-	3,929,796
		P3,034,971,598	P 32,243,871	P3,067,215,469

	Notes	Neither past due nor impaired	Past due and impaired	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
Financial assets at FVTPL	8	8,456,381	-	8,456,381
AFS financial assets (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	20.1	529,184,656	-	529,184,656
Refundable deposits		3,929,796	-	3,929,796
		P 2,713,340,555	P 24,428,937	P 2,737,769,492

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

The University classifies tuition and other school fees receivables from students based on the number of semesters the receivables have been outstanding. Receivables from students that are outstanding for more than one semester are analyzed to determine whether they are impaired. Those that are not outstanding for more than one semester or are classified as current receivable are determined to be 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 and AFS financial assets 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; as of March 31, 2013, such balance was already collected by the University.

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 Interest-bearing Loan with contractual maturity of five years and Trade and Other Payables (excluding tax-related liabilities) which are all short-term in nature and have contractual maturities of less than 12 months.

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	2013		2012		2011	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets							
Loans and receivables:							
Cash and cash equivalents	6	**P 195,608,838**	**P 195,608,838**	P 421,846,871	P 421,846,871	P 342,506,590	P 342,506,590
Receivables	7	**320,180,882**	**320,180,882**	398,970,095	398,970,095	409,319,713	409,319,713
Restricted cash and cash equivalents	6	**-**	**-**	5,000,000	5,000,000	5,000,000	5,000,000
Due from a related party	20	**-**	**-**	465,156,538	465,156,538	529,184,656	529,184,656
Refundable deposits		**3,929,796**	**3,929,796**	3,929,796	3,929,796	3,929,796	3,929,796
		519,719,516	**519,719,516**	1,294,903,300	1,294,903,300	1,289,940,755	1,289,940,755
FVTPL							
Cross currency swaps	8	**18,629,900**	**18,629,900**	-	-	8,456,381	8,456,381
AFS financial assets:	8						
Short-term investments		**387,140,915**	**387,140,915**	144,513,737	144,513,737	530,183,752	530,183,752
Debt securities		**1,645,490,432**	**1,645,490,432**	1,595,554,561	1,595,554,561	884,759,667	884,759,667
Equity securities		**331,594,809**	**331,594,809**	208,121,505	208,121,505	150,757,513	150,757,513
		2,364,226,156	**2,364,226,156**	1,948,189,803	1,948,189,803	1,565,700,932	1,565,700,932
		P 2,902,575,572	**P 2,902,575,572**	P 3,243,093,103	P 3,243,093,103	P 2,864,098,068	P 2,864,098,068
Financial Liabilities							
Financial liabilities at amortized cost:							
Interest-bearing loans		P 800,000,000	P 800,000,000	P -	P -	P -	P -
Trade and other payables	12	353,957,133	353,957,133	381,984,187	381,984,187	331,872,666	331,872,666
		P 1,153,957,133	**P 1,153,957,133**	P 381,984,187	P 381,984,187	P 331,872,666	P 331,872,666

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

5.2 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 financial assets at FVTPL, AFS financial assets and liabilities measured at fair value in its statements of financial position as of March 31, 2013, 2012 and 2011 is as follows (see Note 8):

	Level 1	Level 2	Level 3	Total
2013				
AFS financial assets:				
Debt securities:				
Government	P 882,641,861	P -	P -	P 882,641,861
Corporate	375,707,656	-	387,140,915	762,848,571
Equity securities	331,594,809	-	-	331,594,809
Financial assets at FVTPL:				
Cross currency swaps	18,629,900	-	-	18,629,900
	P 1,608,574,226	**P -**	**P 387,140,915**	**P 1,995,715,141**
2012				
AFS financial assets:				
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	P 1,949,335,775
2011				
AFS financial assets:				
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
Financial assets at 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

6. CASH AND CASH EQUIVALENTS

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

	2013	2012	2011
Cash on hand and in banks	**P 145,112,834**	P 230,845,593	P 167,451,811
Short-term placements	**50,496,004**	191,001,278	175,054,779
	P 195,608,838	P 421,846,871	P 342,506,590

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

	2013	2012	2011
Peso	**2.4% to 3.7%**	2.6% to 4.8%	0.4% to 4.2%
Dollar	**0.4%**	0.5%	0.5%

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, 2013, 2012 and 2011 is presented as part of Accrued interest under Trade and Other Receivables in the statements of financial position (see Note 7).

7. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2013	2012	2011
Tuition and other school fees		**P 276,333,445**	P 212,527,716	P 160,628,916
Allowance for impairment on receivables from tuition and other school fees		**(39,392,082)**	(32,243,871)	(24,428,937)
		236,941,363	180,283,845	136,199,979
Receivable from:				
East Asia Educational Foundation, Inc. (EAEF)	20.2, 20.6, 20.7	**63,935,460**	62,072,963	28,952,968
ICF-CCE, Inc.		**47,182,040**	39,750,183	32,179,755
FEU Educational Foundation, Inc. (FEFI)		**36,723,687**	37,078,392	37,078,392
Nicanor Reyes Educational Foundation, Inc. (FERN College)	20.2	**2,492,959**	2,024,918	1,945,891
Far Eastern College - Silang, Inc. (FECSI)	20.2	**918,942**	2,966	5,536,612
FEU Alabang, Inc.		**328,658**	-	-
East Asia Computer Center, Inc. (EACCI)	9	**228,793**	7,500,000	-
FRC	20.1, 20.2	**215,473**	350,680,283	134,903,190
Accrued interest	6, 8	**14,457,239**	12,591,975	19,707,966
Advances to employees		**7,042,678**	9,295,826	13,941,521
Loans receivable		**-**	55,200,000	147,700,000
Others	8	**661,995**	2,330,496	18,150
Allowance for impairment on receivables from FEFI and ICF-CCE, Inc.		**(83,905,727)**	-	-
		P 327,223,560	P 758,811,847	P 558,164,424

A reconciliation of the allowance for impairment loss on receivables relating to tuition and other school fees at the beginning and end of 2013, 2012 and 2011 is shown below.

	Note	2013	2012	2011
Balance at beginning of year		**P 32,243,871**	P 24,428,937	P 15,727,708
Impairment losses during the year	16.2	**50,312,208**	46,700,571	32,509,082
Receivables written off during the year		**(43,163,997)**	(38,885,637)	(23,807,853)
		P 39,392,082	P 32,243,871	P 24,428,937

All of the University's receivables had been reviewed for indicators of impairment. 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. 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 from students as of March 31, 2013, 2012 and 2011 pertains to amounts which have been outstanding for more than one semester and specifically identified to be impaired.

In 2013, the management assessed that the receivables from ICF-CCE, Inc. and FEFI, amounting to P47.2 million and P36.7 million, respectively, as of March 31, 2013, are doubtful of collection. Impairment loss recognized on receivables is presented as part of Finance Costs in the statements of comprehensive income (see Note 16.2).

No allowance for impairment loss on all other receivables was provided as of March 31, 2013, 2012 and 2011 since management believes that those are collectible in full.

Loans receivable in 2012 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 had an Investment Management Agreement. The outstanding loans receivable in 2012 was collected in full in August 2013. 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 Notes 20.6 and 20.7).

The University provides cash advances to support certain operating requirements (such as faculty payroll) for FEFI, FERN College, FECSI and ICF-CCE, Inc. Outstanding receivables arising from these transactions are presented as part of Receivable from these entities.

The outstanding receivable from FEU Alabang, Inc. pertains to advances made by the University for the pre-operating expenses incurred by the former.

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 23.2). The outstanding rental receivables arising from this transaction are presented as part of Receivables from ICF-CCE, Inc.

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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This category of financial assets consists of the following:

	2013	2012	2011
Short-term investments	**P 387,140,915**	P 144,513,737	P 530,183,752
Debt securities:			
Government	**882,641,861**	835,320,756	796,813,448
Corporate	**762,848,571**	760,233,805	87,946,219
	1,645,490,432	1,595,554,561	884,759,667
Equity securities	**331,594,809**	208,121,505	150,757,513
	P2,364,226,156	P1,948,189,803	P1,565,700,932

The breakdown of AFS financial assets are as follows:

	2013	2012	2011
Local	**P2,100,614,227**	P1,568,077,145	P1,283,364,391
Foreign	**263,611,929**	380,112,658	282,336,541
	P2,364,226,156	P1,948,189,803	P1,565,700,932

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

	2013	2012	2011
Current	**P1,997,186,488**	P1,612,888,940	P1,254,185,359
Non-current	**367,039,668**	335,300,863	311,515,573
	P2,364,226,156	P1,948,189,803	P1,565,700,932

Interest income recognized in 2013, 2012 and 2011 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 Trade and Other Receivables in the statements of financial position (see Note 7).

As of March 31, 2013, 2012 and 2011, short-term placements amounting to P387.1 million, P114.5 million and P530.2 million, respectively, that earn interest ranging from 2.6% to 3.6% in 2013, 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 Financial Assets account.

In 2013, 2012 and 2011, the University also entered into cross currency swap to hedge its foreign currency exposure related to its foreign currency denominated AFS investments. As of March 31, 2013 and 2011, the net fair value of these cross currency swaps amounting to P18.6 million and P8.5 million, respectively, is presented as Financial Assets at FVTPL account in the 2013 and 2011 statements of financial position while the net fair value of these cross currency swaps as of March 31, 2012 amounting to P1.1 million is presented as Cross currency swap payable under Trade and Other Payables account in the 2012 statement of financial position (see Note 12). The related fair value gains or losses are presented as part of Finance Income (Costs) in the 2013, 2012 and 2011 statements of comprehensive income (see Note 16).

Being denominated in foreign currency, the related interest receivable from this cross currency agreement has been adjusted to the prevailing exchange rate resulting to the recognition of cross currency gain amounting to P2.7 million presented as part of Finance Income in the 2013 consolidated statement of comprehensive income (see Note 16.1). On the other hand, the net changes in carrying amount of the related interest payable from the 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 (see Note 16.2). The related asset is presented as part of Accrued Interest under Trade and Other Receivables account, and the related liability is presented as part of Accrued expenses under the Trade and Other Payables in the consolidated statements of financial position (see Notes 7 and 12).

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

	Note	**2013**	2012	2011
Balance at beginning of year		**P1,948,189,803**	P1,565,700,932	P1,202,638,312
Additions		**249,978,192**	178,166,239	346,671,193
Withdrawals/disposal		**(132,291,771)**	(50,000,000)	(113,912,058)
Interest income	16.1	**202,388,137**	191,423,979	117,510,202
Fair value gains		**95,961,795**	62,898,653	12,793,283
Balance at end of year		**P2,364,226,156**	P1,948,189,803	P1,565,700,932

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

This account consists of the following as of March 31:

	% Interest Held	2013	2012	2011
Investments in:				
Subsidiaries				
FRC	37.52%	**P 64,419,300**	P 64,419,299	P 64,419,299
EACCI	100%	**60,104,999**	20,104,999	20,104,999
FECSI	100%	**51,000,000**	51,000,000	25,000,000
FEU Alabang, Inc.	100%	**6,249,875**	-	-
Associate				
JMCI	49%	**7,878,120**	7,878,121	7,878,121
Joint Venture				
ICF-CCE, Inc.	50%	**6,250,000**	6,250,000	6,250,000
		195,902,294	149,652,419	123,652,419
Allowance for impairment		**(8,588,930)**	(2,338,930)	(2,338,930)
		P 187,313,364	P 147,313,489	P 121,313,489

FEU owns 22.51% of Sports Performance Center (SPARC) through FRC which acquired 60% equity ownership interest in SPARC in 2008.

In 2013, the University increased its subscription in common shares of EACCI to P60.1 million. Out of the total increase in the investment in EACCI, P32.5 million was paid in cash and the balance of P7.5 million was settled through offsetting of advances (see Notes 7 and 20.2).

Also in January 2013, FEU Alabang, Inc. was established with an authorized capital stock of P100 million. The University subscribed to 25% or P25 million of the authorized capital stock; of which 25% or P6.2 million was paid as of March 31, 2013.

The management assessed that its investment in joint venture is already impaired as ICF-CCE, Inc. continues to incur losses in its operations. The additional allowance for impairment recognized in 2013 amounting to P6.3 million is presented as part of Miscellaneous Income in the 2013 statement of comprehensive income (see Note 17).

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 20.2).

The shares of stocks of the subsidiaries, an associate, and a 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 amounts of the investments, except for EACCI and ICF-CCE which had been provided with allowance for impairment amounting to P2.3 million and P6.3 million, respectively, are fully recoverable.

10. INVESTMENT PROPERTIES

This account consists of the land and building being leased out to EAEF and FECSI, and to be leased out to FEU Alabang, Inc. (see Note 7).

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2013, 2012 and 2011 are shown below.

	Land	Building and Improvements	Total
March 31, 2013			
Cost	P 1,075,950,407	P 632,763,898	P 1,708,714,305
Accumulated depreciation	-	(122,472,342)	(122,472,342)
Net carrying amount	**P 1,075,950,407**	**P 510,291,556**	**P 1,586,241,963**
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
April 1, 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

A reconciliation of the carrying amounts of investment properties at the beginning and end of 2013, 2012 and 2011 is shown below.

	Land	Building and Improvements	Total
Balance at April 1, 2012, net of accumulated depreciation	P 53,394,726	P 110,316,764	P 163,711,490
Additions	1,022,555,681	425,137,419	1,447,693,100
Depreciation charges for the year	-	(25,162,627)	(25,162,627)
Balance at March 31, 2013, net of accumulated depreciation	**P 1,075,950,407**	**P 510,291,556**	**P 1,586,241,963**

	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

The total rental income earned from investment properties amounted to P66.6 million in 2013, P63.6 million in 2012 and P48.2 million in 2011 which are presented as Rental under Other Income (Charges) in the statements of comprehensive income (see also Notes 20.5 and 23.2). The direct operating expenses incurred by the University relating to the investment properties amounting to P25.2 million in 2013 and P10.4 million in 2012 and 2011, 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, 2013, excluding the additions during the year, amounted to P216.2 million. The discounted net future cash flows model was computed based on the remaining useful life of the properties of 20 years. The cost of the additional investment properties in 2013 is considered as its fair value as of March 31, 2013.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2013, 2012 and 2011 are shown below.

	Land	**Building and Improvements**	**Furniture and Equipment**	**Leasehold Improvements**	**Miscellaneous Equipment**	**Total**
March 31, 2013						
Cost	P 98,457,565	P 821,736,296	P 214,642,064	P 378,676,711	P 117,974,102	P 1,631,486,738
Accumulated depreciation and amortization	-	(226,793,634)	(151,881,614)	(41,204,256)	(87,991,382)	(507,870,886)
Net carrying amount	**P 98,457,565**	**P 594,942,662**	**P 62,760,450**	**P 337,472,455**	**P 29,982,720**	**P 1,123,615,852**

	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 182,475,575	P 173,139,870	P 113,951,678	P 1,366,992,666
Accumulated depreciation and amortization	-	(188,883,829)	(131,482,948)	(30,809,379)	(82,891,462)	(434,067,618)
Net carrying amount	P 98,457,565	P 610,084,149	P 50,992,627	P 142,330,491	P 31,060,216	P 932,925,048
March 31, 2011						
Cost	P 98,457,565	P 752,447,430	P 161,776,025	P 80,720,540	P 94,573,099	P 1,187,974,659
Accumulated depreciation and amortization	-	(150,961,715)	(112,151,262)	(22,298,186)	(60,571,702)	(345,982,865)
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
April 1, 2010						
Cost	P 98,457,565	P 628,387,963	P 124,039,209	P 72,998,023	P 67,611,653	P 991,494,413
Accumulated depreciation and amortization	-	(115,382,431)	(98,145,120)	(18,647,599)	(37,110,313)	(269,285,463)
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

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2013, 2012 and 2011 is shown below.

	Land	**Building and Improvements**	**Furniture and Equipment**	**Leasehold Improvements**	**Miscellaneous Equipment**	**Total**
Balance at April 1, 2012, net of accumulated depreciation and amortization	P 98,457,565	P 610,084,149	P 50,992,627	P 142,330,491	P 31,060,216	P 932,925,048
Additions	-	22,768,318	32,166,489	205,536,840	4,022,424	264,494,072
Depreciation and amortization charges for the year	-	(37,909,805)	(20,398,666)	(10,394,877)	(5,099,920)	(73,803,268)
Balance at March 31, 2013, net of accumulated depreciation and Net carrying amount	**P 98,457,565**	**P 594,942,662**	**P 62,760,450**	**P 337,472,454**	**P 29,982,720**	**P 1,123,615,852**
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	-	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

12. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2013**	2012	2011
Dividends payable	21.2	**P 107,537,970**	P 80,054,907	P 76,933,827
Deposits payable		**74,778,093**	50,555,514	53,092,459
Accounts payable		**66,567,680**	47,945,272	37,856,074
Withholding and other taxes payable	25.1	**58,396,252**	32,418,286	36,059,145
Accrued expenses	8, 20.3	**42,930,790**	124,245,682	85,563,653
Amounts due to students		**38,608,670**	40,409,975	37,036,856
Accrued salaries and, employee benefits		**16,254,334**	30,591,622	30,190,791
NSTP trust funds		**11,654,402**	-	-
Payable to FEU retirement plan		**5,679,291**	5,679,291	9,843,054
Cross currency swap payable	8	**-**	1,145,972	-
Others		**1,600,306**	1,355,952	1,355,952
		P 424,007,788	P 414,402,473	P 367,931,811

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.

The trust funds that the University sets aside for student NSTP and other specific educational purposes amounted to P39.6 million, P26.6 million and P22.4 million in 2013, 2012 and 2011, respectively. Out of the P39.9 million collections from students for the funds, P28.2 million was disbursed in 2013. The remaining P11.7 million balance was set aside as a contingency fund and is presented as NSTP trust funds. In 2012 and 2011, the 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 and 2011.

13. INTEREST-BEARING LOAN

This represents the P800.0 million loan obtained by the University in December 2012 from a local commercial bank. The interest-bearing loan is payable in 2017 and bears interest at an annual average rate of 3.6% in 2013. The loan stipulates a floating interest rate which is the higher between the base interest rate plus a spread of 85 bps, and the Bangko Sentral ng Pilipinas overnight reverse repurchase agreement rate plus a spread of 10 bps. The proceeds of the loan were used by the University to finance the acquisition of real estate property and the related capital expenditure requirements (see Note 10).

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

- current ratio is not less than 1.00:1.00; and,
- debt-to-equity ratio is not more than 1.00:1.00 (see Note 24).

The University was able to comply with the loan covenants in 2013.

The loan covenant does not require the University to immediately pay the obligation upon failure to comply with the foregoing requirements. The outstanding loan balance amounting to P800.0 million as of March 31, 2013, is shown as Interest-bearing Loan under non-current liability section in the 2013 statement of financial position.

14. EDUCATIONAL REVENUES

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

	2013	2012	2011
Tuition fees	**P2,265,005,106**	P2,127,044,316	P2,031,453,596
Less discounts:			
Scholarships	**130,919,238**	97,852,675	70,485,213
Family	**14,174,602**	12,446,803	11,014,374
Cash	**11,225,603**	10,475,320	9,266,417
	156,319,443	120,774,798	90,766,004
	2,108,685,663	2,006,269,518	1,940,687,592
Other school fees:			
Entrance fees	**18,994,886**	14,265,110	13,628,854
Identification cards	**8,558,344**	9,258,802	8,510,075
Transcript fees	**6,578,570**	7,072,540	7,119,546
Diplomas	**2,022,709**	2,435,969	2,677,978
Miscellaneous	**10,757,094**	2,513,234	2,306,148
	46,911,603	35,545,655	34,242,601
	P2,155,597,266	P2,041,815,173	P1,974,930,193

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 P52.7 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, 2013 as collections for summer classes started subsequent to the end of the reporting period.

15. OPERATING EXPENSES

Operating expenses consists of:

	Notes	**2013**	2012	2011
Instructional and Academic				
Salaries and allowances		**P 593,189,562**	P 584,179,813	P 557,553,771
Employees benefits	18	**200,600,759**	151,563,151	168,825,338
Related learning experience		**2,963,020**	9,765,742	24,681,628
Affiliation		**3,760,571**	8,026,841	11,984,580
Others		**91,791,845**	166,221,429	133,145,286
		892,305,757	919,756,976	896,190,603
Administrative				
Salaries and allowances		**103,259,474**	100,234,367	98,061,322
Rental	20.3, 20.4	**76,782,867**	74,936,745	58,160,909
Employees benefits	18	**51,280,336**	34,524,535	40,997,811
Directors' bonus		**12,875,000**	13,500,000	13,500,000
Others		**21,105,778**	28,308,989	14,853,906
		265,303,455	251,504,636	225,573,948
Maintenance and University Operations				
Utilities		**100,616,323**	93,702,715	84,668,090
Salaries and allowances		**27,946,378**	26,139,193	23,177,313
Repairs and maintenance		**18,995,161**	26,331,762	55,633,186
Janitorial services		**17,888,641**	17,598,428	16,319,602
Employee benefits	18	**13,349,682**	10,200,571	10,387,002
Property insurance		**2,375,568**	2,877,744	1,779,301
		181,171,753	176,850,413	191,964,494
Balance carried forward		**P1,338,780,965**	P1,348,112,025	P1,313,729,045

	Notes	2013	2012	2011
Balance brought forward		**P1,338,780,965**	P1,348,112,025	P1,313,729,045
General				
Depreciation and amortization	10, 11	**98,965,895**	98,466,077	87,078,727
Professional fees		**26,704,545**	10,802,825	11,776,634
Security services		**20,085,370**	22,827,715	24,141,557
Publicity and promotions		**7,802,972**	7,908,899	7,154,574
Taxes and licenses	25.1	**5,584,578**	3,855,197	1,171,561
Donation and charitable contributions		**1,021,477**	734,655	685,924
Others		**17,858,124**	9,263,617	6,173,712
		178,022,961	153,858,985	138,182,689
		P1,516,803,926	P1,501,971,010	P1,451,911,734

16. FINANCE INCOME AND FINANCE COSTS

16.1 Finance Income

This account consists of the following:

	Notes	2013	2012	2011
Interest income from:				
AFS financial assets	8	**P 202,388,137**	P 191,423,979	P 117,510,202
Cash and cash equivalents	6	**19,165,823**	12,799,090	22,253,393
Cross currency Receivable	8	**2,690,360**	-	-
Due from a related party	20.1	**1,820,364**	17,059,143	9,583,994
Loans receivable	7	**1,473,907**	3,609,204	12,994,323
		227,538,591	224,891,416	162,341,912
Fair value gain on financial assets at FVTPL	8	**18,629,900**	-	8,456,381
		P 246,168,491	P 224,891,416	P 170,798,293

16.2 Finance Costs

This account is broken down into the following:

	Notes	2013	2012	2011
Impairment loss on receivables from FEFI and JV	7	**P 83,905,728**	P -	P -
Impairment loss on receivables	7	**50,312,208**	46,700,571	32,509,082
Foreign exchange losses – net	8	**10,765,730**	12,605,534	6,211,593
Fair value loss on financial asset at FVTPL		**-**	9,602,353	-
Interest expense	8	**-**	5,559,202	3,416,389
		P 144,983,666	P 74,467,660	P 42,137,064

17. MISCELLANEOUS INCOME

This account is consists of the following:

	Note	2013	2012	2011
Reversal of accrued rent		**P 37,523,295**	P -	P -
Impairment loss on investment in JV	9	**(6,250,000)**	-	-
Sale of books and other merchandise		**5,464,403**	1,739,064	911,603
Others		**4,156,622**	6,601,819	5,119,322
		P 40,894,320	P 8,340,883	P 6,030,925

The reversal of accrued rent in 2013 pertains to the accumulated rent based on PAS 17 prior to the amendment of the lease contract with FRC (see Note 20.3).

18. 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 P81.3 million, P19.9 million and P69.8 million in 2013, 2012 and 2011, respectively (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 to cover for contributions in 2012, the amount of retirement expense in 2012 amounted only to P19.9 million.

The Fund's audited statements of financial position as of December 31 reported the following:

	2012	2011	2010
Assets			
Cash on hand and in banks	**P 454,037,795**	P 318,781,015	P 24,083,864
Short-term placements	**419,496,563**	489,757,180	758,247,882
Receivables	**67,822,305**	46,783,591	62,940,415
Others	**55,093**	92,066	114,396
	941,411,756	855,413,852	845,386,557
Liabilities	**(19,092,789)**	(15,612,477)	(67,028,640)
Net Assets	**P 922,318,967**	P 839,801,375	P 778,357,917

19. INCOME TAXES

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

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

	2013	2012	2011
Current tax expense:			
Special rate at 10%	**P 71,601,655**	P 64,470,590	P 59,431,631
Final tax at 20%	**44,605,573**	34,789,200	27,360,130
	116,207,228	99,259,790	86,791,761
Deferred tax expense (income) relating to origination and reversal of temporary differences	**676,665**	(2,174,344)	(160,096)
	P 116,883,893	P 97,085,446	P 86,631,665

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

	2013	2012	2011
Tax on pretax profit at 10%	**P 90,282,026**	P 81,009,684	P 72,419,866
Adjustments for income subjected to higher tax rates	**22,302,786**	17,394,600	13,680,065
Tax effect of non-deductible expenses	**4,299,081**	(1,318,838)	(531,734)
Tax expense reported in profit or loss	**P 116,883,893**	P 97,085,446	P 85,568,197

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

	Statement of Financial Position			Profit or Loss		
	2013	2012	2011	**2013**	2012	2011
Deferred tax assets:						
Allowance for impairment on trade and other receivables	**P 8,657,412**	P 3,224,387	P 2,442,894	**(P 5,433,025)**	(P 781,493)	(P 870,123)
Allowance for impairment on						
Unrealized foreign currency loss	**1,072,300**	1,260,163	-	**187,863**	-	-
non-financial asset	**625,000**	-	-	**(625,000)**		
Accrued rent expense	**255,998**	4,825,238	5,275,564	**4,569,240**	450,325	(106,688)
Unrealized fair value loss	**-**	114,597	377,222	**-**	(960,235)	(28,923)
Deferred tax liability –						
Unrealized fair value gains	**(1,862,990)**	-	-	**1,977,587**		
Unrealized foreign currency gains	**-**	-	(845,638)	**-**	(882,941)	845,638
Deferred tax expense (income) – net				**P 676,665**	(P 2,174,344)	(P 160,096)
Deferred tax assets – net	**P 8,747,720**	P 9,424,385	P 7,250,042			

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 2013, 2012 and 2011, the University opted to claim itemized deductions for income tax purposes.

20. 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 transactions with such related parties (in thousand pesos):

		2013		2012		2011	
	Note	**Amount of Transaction**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
Subsidiaries							
Interest-bearing advances	20.1	**(P 465,157)**	**P -**	(P 64,028)	P 465,157	P 310,410	P 529,185
Rental	20.3, 20.4	**45,692**	**(2,560)**	3,381	(48,252)	46,977	(51,634)
Others		**(6,801)**	**2,627**	9,392	9,427	(122,371)	(4,968)
Noninterest-bearing advances	20.2	**916**	**1,053**	(5,607)	137	(1,658)	5,744
Other related party							
Noninterest-bearing advances	20.2	**(2,139)**	**14,186**	3,730	16,326	2,238	12,595
Management service	20.7	**4,470**	**52,242**	29,469	47,772	4,345	18,303
Others		**(115,943)**	**(293)**	14,337	115,703	30,890	101,366
Key management personnel compensation	20.8	**150,971**	**-**	138,713	-	135,101	-

20.1 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 Trade and Other Receivables account in the statements of financial position. These interest-bearing advances are unsecured. The remaining balance of advances was collected in full in fiscal year 2013 including the noncurrent portion in 2012.

Total interest income earned from the advances amounted to P1.8 million in 2013, P17.1 million in 2012 and P9.6 million in 2011 which were presented as part of Finance Income in the statements of comprehensive income (see Note 16.1).

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

	Note	2013	2012	2011
Balance at beginning of year		**P 465,156,538**	P 529,184,656	P 218,774,500
Repayments		**(465,156,538)**	(64,028,118)	-
Advances during the year		**-**	-	310,410,156
Balance at end of year		**-**	465,156,538	529,184,656
Current portion	7	**-**	(350,545,925)	(134,695,452)
Non-current portion		**P -**	P 114,610,613	P 394,489,204

20.2 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 Trade and Other Receivables account in the statements of financial position, arising from these transactions (see Note 7).

	Beginning	Advances	Repayments	Offsetting	Ending
2013					
EAEF	P 14,300,692	P 17,163,977	(P 19,771,376)	P -	P 11,693,293
FERN College	2,024,918	2,553,157	(2,085,116)	-	2,492,959
FECSI	2,967	917,227	(1,252)	-	918,942
FRC	134,358	81,115	-	-	215,473
	P 16,462,935	**P 20,715,476**	**(P21,857,744)**	**P -**	**15,320,667**
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)	2,967
	P 18,339,638	P 50,656,669	(P 46,138,009)	(P 6,395,363)	P 16,462,935
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

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.

20.3 Lease of Manila Campus Premises from FRC

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

Total rental expense arising from these leases charged to operations amounting to P59.6 million in 2013, P50.1 million in 2012 and P55.6 million in 2011 is presented as part of Administrative expenses (see Note 15) while outstanding payables as of March 31, 2013, 2012 and 2011 amounted to nil, P48.3 million and P51.6 million, respectively, and is presented as part of Accrued Expenses under Trade and Other Payables in the statements of financial position (see Note 12).

20.4 Lease of Makati Campus Premises from FRC

FEU and FRC agreed to the lease of the land where the building occupied by FEU Makati Campus is located 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 P7.9 million in 2013, 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, 2013, 2012 and 2011 arising from this lease transaction.

20.5 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 P0.9 million in 2013, P1.3 million in 2012 and P1.2 million in 2011 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.

20.6 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 statements of comprehensive income, amounted to P53.3 million in 2013, P50.2 million in 2012 and P36.3 million in 2011. Outstanding receivables arising from this transaction is presented as part of Receivable from EAEF under the Trade and Other Receivables account in the statements of financial position (see Note 7).

20.7 Management Services

The University provides management services to EAEF which agreed to pay management fee computed at a certain percentage of the latter's gross revenue subject to certain conditions. Management fees earned amounted to P55.4 million in 2013, P47.9 million in 2012 and P18.3 million in 2011, which is presented as Management Fees account in the statements of comprehensive income. Outstanding receivables arising from this transaction amounted to P52.2 million, P47.8 million and P18.3 million as of March 31, 2013, 2012 and 2011, respectively, and is presented as part of Receivable from EAEF under the Trade and Other Receivables account in the statements of financial position (see Note 7).

20.8 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:

	2013	2012	2011
Salaries	**P 103,265,227**	P 97,505,477	P 94,791,437
Bonuses	**27,053,116**	21,706,005	21,351,383
Retirement benefits	**20,653,045**	19,501,095	18,958,287
	P 150,971,388	P 138,712,577	P 135,101,107

21. EQUITY

21.1 Capital Stock

	Shares			Amount		
	2013	2012	2011	**2013**	2012	2011
Common shares – P100 par value						
Authorized	**20,000,000**	20,000,000	10,000,000			
Issued and outstanding:						
Balance at beginning of year	**13,768,634**	9,845,779	9,845,779	**P 1,376,863,400**	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**	13,768,634	9,845,779	**1,376,863,400**	1,376,863,400	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**	13,731,303	9,808,448	**P 1,373,130,300**	P 1,373,130,300	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 21.2).

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, 2013, there are 4,772,247 listed shares owned by the public apart from the shares owned by the University and its related parties, equivalent to 34.75% of the total outstanding shares. Such listed shares closed at P1,220 per share as of March 31, 2013.

21.2 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:

	2013	2012	2011
Property and investment acquisition	**P1,150,000,000**	P1,320,000,000	P1,200,000,000
Expansion of facilities	**300,000,000**	240,000,000	395,000,000
General retirement	**90,000,000**	65,000,000	65,000,000
Purchase of equipment and improvements	**75,000,000**	39,770,000	140,000,000
Contingencies	**10,000,000**	50,000,000	50,000,000
Treasury shares	**3,733,100**	3,733,100	3,733,100
	P1,628,733,100	P1,718,503,100	P1,853,733,100

The changes in the appropriated retained earnings are shown below.

	2013	2012	2011
Balance at beginning of year	**P1,718,503,100**	P1,853,733,100	P1,675,099,017
Reversal of appropriations	**(210,000,000)**	(1,735,000,000)	(379,333,335)
Appropriations during the year	**120,230,000**	1,599,770,000	557,967,418
Balance at end of year	**P 1,628,733,100**	P1,718,503,100	P1,853,733,100

The University appropriated for property and investment acquisition, expansion of facilities, general retirement and purchase of equipment and improvements amounting to P60.0 million in 2013 and P1.3 billion in 2012, P25.0 million in 2013 and P240.0 million in 2012, and P35.2 million in 2013 and P39.8 million in 2012, respectively, which management expects to utilize within one year from the end of the respective reporting period. Also, the University reversed the previous appropriation for property and investment amounting to P170.0 million and P1.7 billion in 2013 and 2012, respectively, as the planned investment and acquisition of property transpired in 2013 and 2012.

(b) Dividend Declaration

The BOT approved the following dividend declarations in 2013, 2012 and 2011:

	Date of Declaration	Date of Record	Date of Payment/Issuance		Amount
2013					
Cash dividend of P12 per share	June 19, 2012	July 4, 2012	July 18, 2012	P	164,775,636
Cash dividend of P12 per share	December 18, 2012	January 8, 2013	January 23, 2013		164,775,636
				P	**329,551,272**
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

Unclaimed dividend checks as of March 31, 2013, 2012 and 2011 are presented as dividends payable under Trade and Other Payables in the statements of financial position (see Note 12).

22. EARNINGS PER SHARE

Earnings per share amounts were computed as follows:

	2013	2012	2011
Net profit	**P 785,936,366**	P 713,011,392	P 637,566,997
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 57.24**	P 51.93	P 46.43

The University has no dilutive potential common shares as of March 31, 2013, 2012 and 2011, hence the diluted EPS is the same as the basic EPS in all the years presented.

23. COMMITMENTS AND CONTINGENCIES

23.1 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 20.3, in July 2011, FEU and FRC agreed to amend the existing lease contract changing the annual rental rate from P24.5 million subject to 10% escalation rate to an annual rate that is to be determined at the beginning of each year but at no rate lower than the previous year.

The University also entered into another contract of lease for the land where the building occupied by FEU Makati is located for a period of 30 years (see Note 20.4).

The future minimum rentals payable under these non-cancellable operating leases are as follows as of March 31:

	2013	2012	2011
Within one year	**P 78,025,215**	P 65,547,743	P 55,513,690
After one year but not more than five years	**-**	95,851,328	139,431,583
More than five years	**-**	186,903,000	196,740,000
	P 78,025,215	P 348,302,071	P 391,685,273

23.2 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 20).

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2013, 2012 and 2011 are as follows:

	2013	2012	2011
Within one year	**P 58,858,784**	P 51,163,348	P 35,656,350
After one year but not more than five years	**1,920,000**	3,840,000	142,625,400
More than five years	**-**	1,360,000	14,856,813
	P 60,778,784	P 56,363,348	P 193,138,563

23.3 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 CA. 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 types of contingencies (see Note 21.2).

23.4 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 21.2).

24. 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, 2013, 2012 and 2011 under review is summarized as follows:

	2013	2012	2011
Total liabilities	**P1,234,212,460**	P 488,307,015	P 468,338,714
Total equity	**4,594,657,202**	4,042,310,313	3,578,355,044
Debt-to-equity ratio	**0.27 : 1.00**	0.12 : 1.00	0.13 : 1.00

The University's goal in capital management is to maintain a debt-to-equity structure ratio of less than 1.00:1.00 (see Note 13). This is in line with the University's bank covenants related to its borrowings.

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

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

25. 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.

25.1 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 2013, the University declared output VAT as follows:

	Tax Base	Output VAT
Rental	P 60,913,374	P 7,309,605
Management fee	47,825,843	5,739,101
	P 108,739,217	P 13,048,706

The outstanding output VAT payable amounting to P467,168 as of March 31, 2013 is presented as part of Withholding and other taxes payable under the Trade and Other Payables account in the 2013 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 P 1,601,137,593 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 2013.

d. Excise Tax

The University did not have any transactions in fiscal year 2013 which are subject to excise tax.

e. Documentary Stamp Tax

In fiscal year 2013, the University paid and accrued documentary stamp tax (DST) for the following transactions:

Loan Agreement	P	4,000,000
Transcript of records		246,163
Lease contracts		153,837
Miscellaneous		84,389
	P	4,484,389

f. Taxes and Licenses

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

DST	P	4,484,389
Municipal License and permits		1,088,639
Community tax		10,500
Business tax		500
Miscellaneous		550
	P	5,584,578

Taxes and licenses are presented as part of General Operating Expenses in the 2013 statement of comprehensive income (see Note 15).

g. Withholding Taxes

The details of total withholding taxes for the year ended March 31, 2013 are shown below.

Compensation and employee benefits	P 184,659,668
Expanded	19,913,560
Final	10,741,919
	P 215,315,147

h. Deficiency Tax Assessments and Tax Cases

As of March 31, 2013, 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.

25.2 Requirements Under RR 19-2011

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

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2012 statement of comprehensive income.

a. Taxable Revenues

The composition of the University's taxable revenues for the fiscal year ended March 31, 2013 at special tax rate of 10% mainly comprise of tuition and other school fees amounting to P2,155,597,266.

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 2013 which are subject to special tax rate of 10% are shown below.

Rental income	P 66,588,796
Management fees	55,358,978
Sale of books and other merchandise	5,464,403
Interest income not subject to final tax	3,364,753
Others	4,156,621
	P 134,933,551

d. Itemized Deductions

The amounts of itemized deductions in fiscal year 2013 at special tax rate of 10% are as follows:

Salaries and allowances	P	724,395,414
Employee benefits		265,230,777
Communication, light and water		100,616,323
Depreciation		92,698,775
Rental		84,951,973
Finance cost		55,808,357
Student activities		55,368,476
Other outside services		37,974,011
Professional fees		26,704,545
Supplies		23,266,060
Repairs and maintenance		18,995,161
Directors' bonus		12,875,000
Conference and seminars		8,537,008
Advertising		7,802,972
Taxes and licenses		5,584,578
Hospital affiliations		3,760,571
Transportation and travel		3,088,367
Related learning experience		2,963,020
Printing and binding		2,780,835
Insurance		2,375,568
Medical		2,077,159
Donation		1,021,477
Miscellaneous		35,637,841
	P	1,574,514,268

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Supplementary Information and Independent Auditors' Report

The Far Eastern University, Incorporated

March 31, 2013, 2012 and 2011

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Report of Independent Auditors to Accompany SEC Schedules Filed Separately from the Basic Financial Statements

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

We have audited the financial statements of The Far Eastern University, Incorporated for the year ended March 31, 2013, on which we have rendered our report dated June 18, 2013. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules (see List of Supplementary Information) of the University as of March 31, 2013 and for the year then ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information in such supplementary schedules 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. 3671446, January 2, 2013, 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, 2015)

June 18, 2013

THE FAR EASTERN UNIVERSITY, INCORPORATED

Schedule K - Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of March 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		a		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		a		
Practice Statement Management Commentary			a	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	a		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	a		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	a		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			a
	Amendments to PFRS 1: Government Loans* *(effective January 1, 2013)*			a
PFRS 2	Share-based Payment			a
	Amendments to PFRS 2: Vesting Conditions and Cancellations			a
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			a
PFRS 3 (Revised)	Business Combinations	a		
PFRS 4	Insurance Contracts			a
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			a
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			a
PFRS 6	Exploration for and Evaluation of Mineral Resources			a
PFRS 7	Financial Instruments: Disclosures	a		
	Amendments to PFRS 7: Transition	a		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	a		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	a		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	a		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	a		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2013)*			a
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			a
PFRS 8	Operating Segments	a		
PFRS 9	Financial Instruments *(effective January 1, 2015)*			a
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			a
PFRS 10	Consolidated Financial Statements* *(effective January 1, 2013)*			a
	Amendments to PFRS 10: Transition Guidance* *(effective January 1, 2013)*			a
	Amendments to PFRS 10: Investment Entities* *(effective January 1, 2013)*			a
PFRS 11	Joint Arrangements* *(effective January 1, 2013)*			a
	Amendments to PFRS 11: Transition Guidance* *(effective January 1, 2013)*			a
PFRS 12	Disclosure of Interests in Other Entities* *(effective January 1, 2013)*			a
	Amendments to PFRS 12: Transition Guidance* *(effective January 1, 2013)*			a
	Amendments to PFRS 12: Investment Entities* *(effective January 1, 2013)*			a
PFRS 13	Fair Value Measurement* *(effective January 1, 2013)*			a

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	a		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	a		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	a		
PAS 2	Inventories	a		
PAS 7	Statement of Cash Flows	a		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	a		
PAS 10	Events after the Reporting Period	a		
PAS 11	Construction Contracts			a
PAS 12	Income Taxes	a		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	a		
PAS 16	Property, Plant and Equipment	a		
PAS 17	Leases	a		
PAS 18	Revenue	a		
PAS 19	Employee Benefits	a		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			a
PAS 19 (Revised)	Employee Benefits* *(effective January 1, 2013)*			a
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			a
PAS 21	The Effects of Changes in Foreign Exchange Rates	a		
	Amendment: Net Investment in a Foreign Operation	a		
PAS 23 (Revised)	Borrowing Costs	a		
PAS 24 (Revised)	Related Party Disclosures	a		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			a
PAS 27	Consolidated and Separate Financial Statements	a		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate	a		
PAS 27 (Amended)	Separate Financial Statements* *(effective January 1, 2013)*	a		
	Amendments to PAS 27 (Amended): Investment Entities* *(effective January 1, 2013)*	a		
PAS 28	Investments in Associates	a		
PAS 28 (Amended)	Investments in Associates and Joint Ventures* *(effective January 1, 2013)*			a
PAS 29	Financial Reporting in Hyperinflationary Economies			a
PAS 31	Interests in Joint Ventures	a		
PAS 32	Financial Instruments: Presentation	a		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	a		
	Amendment to PAS 32: Classification of Rights Issues	a		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2014)*			a

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	a		
PAS 34	Interim Financial Reporting	a		
PAS 36	Impairment of Assets	a		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	a		
PAS 38	Intangible Assets	a		
PAS 39	Financial Instruments: Recognition and Measurement	a		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	a		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	a		
	Amendments to PAS 39: The Fair Value Option	a		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	a		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	a		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	a		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	a		
	Amendment to PAS 39: Eligible Hedged Items	a		
PAS 40	Investment Property	a		
PAS 41	Agriculture			a
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**			a
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			a
IFRIC 4	Determining Whether an Arrangement Contains a Lease	a		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**			a
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			a
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			a
IFRIC 9	Reassessment of Embedded Derivatives**	a		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	a		
IFRIC 10	Interim Financial Reporting and Impairment	a		
IFRIC 12	Service Concession Arrangements	a		
IFRIC 13	Customer Loyalty Programmes			a
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			a
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			a
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			a
IFRIC 17	Distributions of Non-cash Assets to Owners**	a		
IFRIC 18	Transfers of Assets from Customers**			a
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	a		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine* *(effective January 1, 2013)*			a

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			a
SIC-10	Government Assistance - No Specific Relation to Operating Activities			a
SIC-12	Consolidation - Special Purpose Entities			a
	Amendment to SIC - 12: Scope of SIC 12			a
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	a		
SIC-15	Operating Leases - Incentives	a		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	a		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	a		
SIC-29	Service Concession Arrangements: Disclosures			a
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	a		
SIC-32	Intangible Assets - Web Site Costs**	a		

* These standards will be effective for periods subsequent to 2012 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

THE FAR EASTERN UNIVERSITY, INCORPORATED
Nicanor Reyes Sr. Street, Sampaloc, Manila

Reconciliation of Retained Earnings Available for Dividend Declaration
March 31, 2013

UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AT BEGINNING OF YEAR, AS PRESENTED IN PRIOR YEAR RECONCILIATION	P	838,552,574
Net Profit Realized for the Year		
Net profit per audited 2013 financial statements		785,936,366
Add (Less) Changes in Unappropriated Retained Earnings for the Year		
Appropriations	(	120,230,000)
Reversal of appropriations		210,000,000
Stock dividend declarations		-
Dividend declarations	(	329,551,272)
Total	(	239,781,272)
UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AT END OF YEAR	**P**	**1,384,707,668**

THE FAR EASTERN UNIVERSITY, INC.
FINANCIAL INDICATORS
MARCH 31, 2013

	2013	2012	2011
Quick ratio	1.20	2.42	1.92
Current/liquidity ratios	5.88	5.78	4.68
Debt-to-equity ratios	0.27	0.12	0.13
Debt-to-asset ratios	0.21	0.11	0.12
Equity-to-asset ratios	0.79	0.89	0.88
Return on Assets	0.13	0.16	0.16
Return on Equity	0.17	0.18	0.18
Earnings per share	57.24	51.93	46.43

Punongbayan & Araullo

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Consolidated Financial Statements and Independent Auditors' Report

The Far Eastern University, Incorporated and Subsidiaries

March 31, 2013, 2012 and 2011

Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors

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

We have audited the accompanying consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2013, 2012 and 2011, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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, 2013, 2012 and 2011, and their consolidated financial performance and their cash flows for 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. 3671446, January 2, 2013, 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, 2015)

June 18, 2013

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012	2011
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	7	**P 338,059,095**	P 486,095,989	P 379,328,540
Trade and other receivables - net	8	**402,521,059**	478,526,679	484,575,521
Investments in financial assets				
at fair value through profit or loss	9	**18,629,900**	-	8,456,381
Available-for-sale (AFS)				
financial assets	9	**2,045,603,933**	1,669,306,024	1,291,129,475
Real estate held-for-sale	10	**94,837,617**	119,459,271	120,922,260
Other current assets		**47,165,034**	40,125,342	64,619,784
Total Current Assets		**2,946,816,638**	2,793,513,305	2,349,031,961
NON-CURRENT ASSETS				
Trade and other receivables - net	8	**98,226,853**	-	-
AFS financial assets	9	**367,039,668**	335,300,863	311,515,573
Investments in an associate and a joint venture	11	**6,846,595**	6,884,076	9,948,773
Property and equipment - net	13	**3,221,446,603**	1,767,389,265	1,649,409,710
Investment property - net	12	**366,291,755**	291,397,101	356,957,508
Deferred tax assets	20	**12,897,723**	15,254,114	13,435,789
Other non-current assets		**7,702,000**	18,151,515	18,082,481
Total Non-current Assets		**4,080,451,197**	2,434,376,934	2,359,349,834
TOTAL ASSETS		**P 7,027,267,835**	P 5,227,890,239	P 4,708,381,795

	Notes	2013	2012	2011
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	14	**P 478,263,447**	P 394,055,602	P 333,311,108
Interest-bearing loans	15	**3,154,777**	6,146,862	3,662,796
Deferred revenues		**5,679,787**	31,922,493	60,705,061
Income tax payable		**10,204,672**	41,607,049	53,875,651
Total Current Liabilities		**497,302,683**	473,732,006	451,554,616
NON-CURRENT LIABILITIES				
Interest-bearing loans	15	**806,984,744**	10,139,521	3,292,947
Deferred tax liabilities	20	**41,480,547**	12,760,404	14,805,270
Other non-current liabilities		**16,953,803**	4,903,932	4,791,807
Total Non-current Liabilities		**865,419,094**	27,803,857	22,890,024
Total Liabilities		**1,362,721,777**	501,535,863	474,444,640
EQUITY	21, 22			
Equity attributable to owners of the parent company				
Capital stock		**1,376,863,400**	1,376,863,400	984,577,900
Treasury stock - at cost		**(3,733,100)**	(3,733,100)	(3,733,100)
Revaluation reserves		**179,686,293**	83,549,498	20,650,845
Retained earnings				
Appropriated		**1,628,733,100**	1,718,503,100	1,853,733,100
Unappropriated		**1,630,315,875**	1,069,868,922	919,575,512
Total equity attributable to owners of the parent company		**4,811,865,568**	4,245,051,820	3,774,804,257
Non-controlling interest		**852,680,490**	481,302,556	459,132,898
Total Equity		**5,664,546,058**	4,726,354,376	4,233,937,155
TOTAL LIABILITIES AND EQUITY		**P 7,027,267,835**	P 5,227,890,239	P 4,708,381,795

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012	2011
REVENUES				
Educational	16			
Tuition fees - net		P 2,138,536,245	P 2,024,254,083	P 1,950,900,087
Other school fees		58,440,971	40,447,982	36,011,952
		2,196,977,216	2,064,702,065	1,986,912,039
Sale of real estate	10	184,434,952	16,504,911	11,557,142
Rental	12	89,322,857	92,888,338	72,056,661
Management fees	21	55,358,978	47,857,409	18,303,571
Other operating income		4,993,641	3,856,364	2,889,281
		2,531,087,644	2,225,809,087	2,091,718,694
COSTS AND OPERATING EXPENSES	17	1,564,461,908	1,515,045,265	1,462,625,765
OPERATING INCOME		966,625,736	710,763,822	629,092,929
OTHER INCOME (CHARGES)				
Finance income	18	248,832,138	211,723,409	163,780,640
Finance costs	18	(158,695,421)	(74,878,593)	(42,213,045)
Share in net losses of an associate and a joint venture	11	(37,481)	(3,064,697)	(3,303,203)
Miscellaneous - net		7,138,280	10,788,418	8,165,188
		97,237,516	144,568,537	126,429,580
INCOME BEFORE TAX		1,063,863,252	855,332,359	755,522,509
TAX EXPENSE	20	173,007,093	113,859,015	100,269,179
NET INCOME		890,856,159	741,473,344	655,253,330
OTHER COMPREHENSIVE INCOME				
Fair value gains on available-for-sale financial assets, net of tax	9	96,136,795	62,898,653	12,793,283
TOTAL COMPREHENSIVE INCOME		P 986,992,954	P 804,371,997	P 668,046,613
Net income attributable to:				
Owners of the parent company		P 800,228,225	P 719,303,686	P 635,618,939
Non-controlling interest		90,627,934	22,169,658	19,634,391
		P 890,856,159	P 741,473,344	P 655,253,330
Total comprehensive income attributable to:				
Owners of the parent company		P 896,365,020	P 782,202,339	P 648,412,222
Non-controlling interest		90,627,934	22,169,658	19,634,391
		P 986,992,954	P 804,371,997	P 668,046,613
Earnings Per Share				
Basic and Diluted	23	P 58.28	P 52.38	P 46.29

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, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	Attributable to Owners of the Parent Company					Non-controlling Interest	Total Equity
		Capital Stock	Treasury Stock	Revaluation Reserves	Retained Earnings – Appropriated	Retained Earnings – Unappropriated		
Balance at April 1, 2012	22	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
Comprehensive income								
Net profit for the year		-	-	-	-	800,228,225	90,627,934	890,856,159
Fair value gains for the year	9	-	-	96,136,795	-	-	-	96,136,795
Total comprehensive income		-	-	96,136,795	-	800,228,225	90,627,934	986,992,954
Transactions with owners								
Reversal of appropriations during the year	22	-	-	-	(210,000,000)	210,000,000	-	-
Appropriations for the year	22	-	-	-	120,230,000	(120,230,000)	-	-
Cash dividends	22	-	-	-	-	(329,551,272)	-	(329,551,272)
		-	-	-	(89,770,000)	(239,781,272)	-	(329,551,272)
Preferred stocks subscribed by a related party under common management	21	-	-	-	-	-	280,750,000	280,750,000
Balance at March 31, 2013	22	**P 1,376,863,400**	**(P 3,733,100)**	**P 179,686,293**	**P 1,628,733,100**	**P 1,630,315,875**	**P 852,680,490**	**P 5,664,546,058**
Balance at April 1, 2011	22	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
Comprehensive income								
Net profit for the period		-	-	-	-	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	22	-	-	-	(1,735,000,000)	1,735,000,000	-	-
Appropriations for the year	22	-	-	-	1,599,770,000	(1,599,770,000)	-	-
Stock dividends	22	392,285,500	-	-	-	(392,285,500)	-	-
Cash dividends		-	-	-	-	(311,954,776)	-	(311,954,776)
		392,285,500	-	-	(135,230,000)	(569,010,276)	-	(311,954,776)
Balance at March 31, 2012	22	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

See Notes to Consolidated Financial Statements.

	Notes	Attributable to Owners of the Parent Company					Non-controlling Interest	Total Equity
		Capital Stock	Treasury Stock	Revaluation Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated		
Balance at April 1, 2010	22	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
Comprehensive income								
Net profit for the period		-	-	-	-	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								
Reversal of appropriations during the year	22	-	-	-	(379,333,335)	379,333,335	-	-
Appropriations for the year	22	-	-	-	557,967,418	(557,967,418)	-	-
Cash dividends	22	-	-	-	-	(294,253,440)	-	(294,253,440)
		-	-	-	178,634,083	(472,887,523)	-	(294,253,440)
Balance at March 31, 2011	22	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

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		**P 1,063,863,252**	P 855,332,359	P 755,522,509
Adjustments for:				
Interest income	7, 8, 9, 18	**(230,202,238)**	(211,723,409)	(155,324,259)
Impairment losses	8, 12, 18	**145,336,694**	47,105,841	32,571,213
Depreciation and amortization	12, 13	**113,128,527**	115,415,315	105,404,109
Fair value loss (gain) on financial assets at fair value through profit or loss	9, 18	**(18,629,900)**	9,602,353	(8,456,381)
Unrealized foreign exchange losses - net	9	**10,765,731**	12,605,534	6,212,893
Interest expense	15, 18	**2,592,997**	5,564,865	3,428,939
Share in net losses of an associate and a joint venture	11	**37,481**	3,064,697	3,303,203
Loss on sale of investment property	12	**-**	6,082,342	-
Operating profit before working capital changes		**1,086,892,544**	843,049,897	742,662,226
Increase in trade and other receivables		**(223,737,656)**	(139,717,726)	(51,684,068)
Decrease in real estate held-for-sale		**24,621,654**	1,462,989	1,610,028
Decrease (increase) in other assets		**(6,667,134)**	38,724,406	(11,142,422)
Increase (decrease) in trade and other payables		**64,269,424**	41,912,578	(117,485,633)
Increase (decrease) in deferred revenues		**(26,242,706)**	(28,782,568)	1,726,030
Increase (decrease) in other non-current liabilities		**12,049,871**	2,737,123	(1,170)
Cash generated from operations		**931,185,997**	759,386,699	565,684,991
Income taxes paid		**(163,080,412)**	(135,196,992)	(93,883,448)
Net Cash From Operating Activities		**768,105,585**	624,189,707	471,801,543
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	13	**(1,536,695,913)**	(222,023,146)	(502,741,466)
Acquisition of available-for-sale (AFS) financial assets	9	**(257,977,832)**	(197,142,648)	(381,069,238)
Proceeds from disposal of AFS financial assets	9	**144,266,581**	37,385,081	108,226,990
Acquisitions of investment properties	12	**(105,560,173)**	(22,093,659)	-
Collection of loans receivable	8	**55,200,000**	92,500,000	312,968,845
Collections of advances to related parties	21	**21,856,492**	1,992,619	161,880
Interest received	7, 8	**20,130,941**	26,976,107	62,906,046
Additional advances to related parties	21	**(19,717,134)**	(5,722,941)	(2,399,465)
Proceeds from disposal of investment property		**-**	70,200,000	69,800,000
Decrease in held-to-maturity investments		**-**	-	20,000,000
Cash Used in Investing Activities		**(1,678,497,038)**	(217,928,587)	(312,146,408)
Balance carried forward		**(P 910,391,453)**	P 406,261,120	P 159,655,135

	Notes	2013	2012	2011
Balance brought forward		**(P 910,391,453)**	P 406,261,120	P 159,655,135
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans	15	**800,000,000**	12,934,688	-
Dividends paid	22	**(312,088,083)**	(308,833,696)	(288,546,079)
Proceeds from issuance of preferred stocks to a related party under common management	21	**280,750,000**	-	-
Proceeds from deposit for future stock subscription	21	**-**	-	-
Payments of interest-bearing loans	15	**(6,146,862)**	(3,604,048)	(3,371,495)
Interest paid	15	**(117,765)**	-	-
Net Cash From (Used in) Financing Activities		**762,397,290**	(299,503,056)	(291,917,574)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**(42,731)**	9,385	(527,825)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(148,036,894)**	106,767,449	(132,790,264)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**486,095,989**	379,328,540	512,118,804
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 338,059,095**	P 486,095,989	P 379,328,540

Supplemental Information on Noncash Financing Activities:

1) In 2012, the University declared and issued stock dividends amounting to P392.3 million (see Note 22).

2) In 2012, 2011 and 2010, the University declared cash dividends totaling P330.0 million, P311.9 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 22).

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Background of the University

The Far Eastern University, Incorporated (the University, FEU or parent company) is a domestic educational institution founded in June 1928 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 Tourism and Hotel Management; Institute of Law; and Institute of Graduate Studies.

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

As of March 31, 2013, 2012, and 2011, the University holds interest in the following subsidiaries, associate, and joint venture which were all incorporated and operating in the Philippines (see Note 11):

	Percentage of Effective Ownership		
Company Name	**2013**	2012	2011
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	**100%**	100%	100%
Far Eastern College – Silang, Inc. (FECSI)	**100%**	100%	100%
FEU Alabang, Inc.	**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%

Company Name	Percentage of Effective Ownership **2013**	2012	2011
Associate –			
Juliana Management Company, Inc. (JMCI)	**49%**	49%	49%
Joint Venture –			
ICF – CCE, Inc.	**50%**	50%	50%

Similar to the University, FECSI and FEU Alabang, Inc. were established to operate as educational institutions offering general courses of study. As amended by EACCI's Board of Directors (BOD) in 2007 and as approved by the SEC in 2008, EACCI amended its primary business purpose and now focuses on computer-related courses. FEU Alabang, Inc. is a newly-incorporated company.

EACCI and FEU Alabang, Inc. will start operating as educational institutions upon approval of permits with the Commission on Higher Education.

FRC, on the other hand, operates as a real estate company, leasing most of its investment properties to the University and other related parties. FRC 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.

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 BOD and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University. Further, SPARC is also considered a subsidiary of the University which has 22.51% effective ownership interest over the former through FRC's 60% ownership interest over SPARC.

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

1.2 Other Corporate Information

The registered offices and principal places of business of the University and other subsidiaries are as follows:

FEU and SPARC	-	Nicanor Reyes, Sr. Street, Sampaloc, Manila
EACCI	-	FEU-EAC Building, FEU Campus,
FECSI	-	Metrogate Silang Estates, Silang, Cavite Nicanor Reyes, Sr. Street, Sampaloc, Manila
FEU Alabang, Inc.	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
FRC	-	Administration Building, FEU Compound, Nicanor Reyes, Sr. Street, Sampaloc, Manila

1.3 Approval for Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group for the year ended March 31, 2013 (including the comparatives for the years ended March 31, 2012 and 2011) were authorized for issue by the Board of Trustees (BOT) on June 18, 2013.

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 the Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of the Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses in a single consolidated statement of comprehensive income.

Two comparative periods are presented for the consolidated statement of financial position when the Group applies an accounting policy retrospectively, makes a retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

(c) Functional Currency

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

Items included in the consolidated financial statements of the Group are measured using its functional currency (see Note 2.15). 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 2013 that are Relevant to the Group

In 2013, the Group adopted the following amendments to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after July 1, 2011 or January 1, 2012:

PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Transfers of Financial Assets
PAS 12 (Amendment)	:	Income Taxes – Deferred Taxes: Recovery of Underlying Assets

Discussed below are the relevant information about these amended standards.

(i) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets*. 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 did not result in any significant change in the University's disclosures in its financial statements.

(ii) PAS 12 (Amendment), *Income Taxes – Deferred Taxes: Recovery of Underlying Assets*. The amendment introduces a rebuttable presumption that the measurement of a deferred tax liability or asset that arises from investment property measured at fair value under PAS 40, *Investment Property,* should reflect the tax consequence of recovering the carrying amount of the asset entirely through sale. The presumption is rebutted for depreciable investment property (e.g., building) that is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. Moreover, Standing Interpretations Committee 21, *Income Taxes – Recovery of Revalued Non-Depreciable Assets*, is accordingly withdrawn and is incorporated under PAS 12 requiring that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment,* should always be measured on a sale basis of the asset. The amendment has no significant impact on the Group's consolidated financial statements as the Group's investment properties and land classified as property and equipment are measured at cost.

(b) Effective in Fiscal Year 2013 that is not Relevant to the Group

PFRS 1, *First-time Adoption of PFRS*, was amended to provide relief for first-time adopters of PFRS from having to reconstruct transactions that occurred before the date of transition to PFRS and to provide guidance for entities emerging from severe hyperinflation either to resume presenting PFRS financial statements or to present PFRS financial statements for the first time.
The amendment became effective for annual periods beginning on or after July 1, 2011 but is not relevant to the Group's consolidated financial statements.

(c) *Effective Subsequent to Fiscal Year 2013 but not Adopted Early*

There are new and amended PFRS that are effective for periods subsequent to 2013. 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) 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 PFRSs: (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 the of other comprehensive income, since the Group's other comprehensive income only includes unrealized fair value gains on available-for-sale (AFS) financial assets which can be reclassified to profit or loss when specified conditions are met.

(ii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation.* The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the Group's financial position. The Group has initially assessed that the adoption of the amendment will not have a significant impact on its consolidated financial statements.

(iii) Consolidation Standards

The Group is currently reviewing the impact of the following consolidation standards on its consolidated financial statements 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, *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*. 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 structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Amendment), *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 PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Amendment), *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.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(iii) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Group does not expect this amendment to have a significant impact on its consolidated financial statements.

(iv) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Statements: Recognition and Measurement*, in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it 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 arrangement, 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 accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications IFRS 9's financial asset classification model to address certain application issues.

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 it plans to conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(iv) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies the requirements for presenting comparative information for the following:

- Requirements for opening statement of financial position

  If an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period (i.e., opening statement of financial position), it shall present such third statement of financial position.

  Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- Requirements for additional comparative information beyond minimum requirements

  If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory.

(c) PAS 32 (Amendment), *Financial Instruments: Presentation – Tax Effect of Distributions to Holders of Equity Instruments*. The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

2.3 Basis of Consolidation

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 1.1, 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, 2012 and April 30, 2013, respectively.

The University accounts for its investments in subsidiaries, associate, joint venture and non-controlling interests (NCIs) as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the University 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 University 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 NCI in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the University, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

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

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred 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 as gain in profit or loss (see 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 (JV)

The Group's interest in a jointly controlled entity is recognized in the consolidated financial statements of the Group using the equity method. Under the equity method, the interest in a jointly controlled entity is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share in the profit or loss of the JV after the date of acquisition. The Group's share in the profit or loss of the JV is adjusted for any unrealized gains arising from transactions with the JV against the related investment. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred (see Note 2.16). The JV is carried at equity method until the date on which the Group ceases to have joint control over the JV.

(d) Transactions with NCIs

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

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, 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 2.16).

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

For the purpose of impairment testing, 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 the 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, 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 Group's financial instruments are categorized as follows:

(a) Financial Assets at FVTPL

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

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in 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 that are presented as Financial Assets at FVTPL account in the consolidated statement of financial position.

The Group enters into a cross currency swap agreement 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 Group and as liabilities when the fair value is favorable to the counterparty.

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

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for 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 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, Trade and Other Receivables (excluding Advances to officers and employees), and Refundable deposits presented as part of Other Non-current Assets 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) 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 AFS Financial Assets account in the consolidated 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 Revaluation Reserves 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 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 (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.

2.6 Real Estate Held-for-Sale

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

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

Real estate held-for-sale is expected to be sold within 2 to 10 years from the time of acquisition, which is considered as the normal operating cycle of FRC with respect to its development and sale of real estate properties.

2.7 Other Assets

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

Where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), these other assets are classified under the non-current category.

2.8 Property and Equipment

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

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

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

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.20) and other directly attributable costs of bringing the asset to working condition for its intended use. The account is not depreciated until such time that the assets are completed and available for use.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.16).

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

2.9 Investment Property

Investment property is measured initially at acquisition cost. Subsequently, investment property, except land 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.

2.10 Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except tax-related liabilities), Interest-bearing Loans and Other Non-current Liabilities, are recognized when the Group becomes a party to the contractual terms of the instrument.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables and other non-current 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.

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

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

2.11 Offsetting Financial Instruments

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

2.12 Provisions and Contingencies

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

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

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

2.13 Revenue and Expense Recognition

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

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

(a) *Tuition and other school fees* – Revenue is recognized in 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 (NSTP) trust funds (see Note 2.19) 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 recorded as NSTP trust funds under the Trade and Other Payables account in the consolidated statements of financial position.

(b) *Sale of real estate* – Revenue is recognized when the earnings process is virtually complete and collectibility of the entire sales price is reasonably assured.

(c) *Rental* – Revenue is recognized in the consolidated statement of comprehensive income over the term of the lease using the straight-line method, and in certain cases, the amount determined using straight-line method or amount determined using a certain percentage of the lessee's gross annual revenue, whichever is higher. Rent received in advance is initially recorded as Deferred Revenues in the consolidated statement of financial position.

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

(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 utilization of goods or services or at the date such cost and expenses are incurred.

2.14 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Leases, which do not transfer to the Group substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in 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) *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 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.

2.15 Foreign Currency Transactions and Translation

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

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

2.16 Impairment of Non-financial Assets

The Group's investments in an associate and a joint venture, property and equipment, investment property and certain other non-financial assets are 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.

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

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

2.17 Employee Benefits

(a) Post-employment Benefits

The Group provides post-employment benefits to employees through a defined contribution plan.

A defined contribution plan is a post-employment 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: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) Compensated Absences

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

2.18 Deposits Payable

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

2.19 Trust Funds

This represents restricted funds of the University and FECSI that are intended for student's NSTP and other specific educational purposes. The University and FECSI administer the use of these NSTP trust funds based on the specific purpose such funds are identified with. This is presented as NSTP trust funds under Trade and Other Payables in the consolidated statement of financial position.

2.20 Borrowing Costs

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

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

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 in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

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

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

2.22 Related Party Relationships and Transactions

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

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

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

2.23 *Equity*

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

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

Preferred stocks pertain to shares of EACCI issued to a stockholder under common management during the year.

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

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.

NCI represents the interests not held by the Group in FRC and SPARC.

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 Group does not have dilutive potential shares outstanding that would require disclosure of diluted earnings per share in the consolidated statement of comprehensive income.

2.25 *Events after the End of the Reporting Period*

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

2.26 *Segment Reporting*

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

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

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

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements, except that the following are not included in arriving at the operating profit of the operating segments:

- post-employment benefit expenses;
- revenue, costs and fair value gains from investment property.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The 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 Management Judgments in Applying Accounting Policies

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

(a) 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 NSTP trust funds. 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 NSTP trust funds under the Trade and Other Payables account in the consolidated statement of financial position, until such time the conditions and restrictions are fully satisfied. Based on management's evaluation, collected fees for the NSTP is the only fund that has attached conditions and restrictions which need to be satisfied before revenues may be recognized.

As of March 31, 2013, outstanding trust funds recorded as NSTP trust funds under Trade and Other Payables in the 2013 consolidated statement of financial position amounted to P11.8 million. As of March 31, 2012 and 2011, there is no outstanding NSTP trust funds as management assessed that the entire amount of trust funds have been utilized for their intended purpose (see Note 14).

(b) 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 as AFS Financial Assets. However, when 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 Financial Assets are presented in Notes 7 and 9, respectively.

(c) Distinction Between Investment Properties and Owner-managed Properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of 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 a portion can be sold separately (or leased out separately under a finance lease), the Group accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes.

Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(d) Distinction between Operating and Finance Leases

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

(e) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and contingencies are discussed in Note 2.12 and disclosure on relevant provisions and contingencies are presented in Note 24.

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) *Impairment of Trade and Other Receivables*

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, history of the students' payment behavior, age of receivables and other external factors affecting the education industry. The Group constantly reviews the age and status of receivables and identifies accounts that should be provided with allowance.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 8.

(b) *Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument.

Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's AFS financial assets and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 9. On the other hand, fair value gains or losses recognized on financial assets at FVTPL in 2013 and 2011 are presented as Fair value gains or losses on financial assets at FVTPL under Finance Income or Finance Costs in the 2013 and 2011 consolidated statements of comprehensive income.

(c) *Impairment of AFS Financial Assets*

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

Based on the recent evaluation of information and circumstances affecting the Group's AFS financial assets, management concluded that the assets are not impaired as of March 31, 2013, 2012 and 2011. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

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

The Group estimates the useful lives of investment property and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of investment property and property and equipment are presented in Notes 12 and 13, respectively.

Based on management's assessment as at March 31, 2013, 2012 and 2011, 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) *Amortization of Leasehold Improvements*

The Group's leasehold improvements are amortized over 20 years, which is the estimated useful life of the asset (see Notes 2.8 and 13) regardless of the term of the lease contracts which is usually shorter than the expected useful life of the improvements because it is highly probable that the lease contract will be renewed before the end of such contract. A decision by management not to renew its lease agreement will result in a significant change in profit or loss in the period such decision is made.

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

Investment property is measured using the cost model. The fair value disclosed in the consolidated financial statements is determined by the Group 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 Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

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

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

(g) Impairment of Non-financial Assets

The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.16. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, the Group did not recognize any impairment loss on investment property and property and equipment in 2013, 2012 and 2011.

(h) Determining Realizable Value of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized by the University and SPARC as at March 31, 2013, 2012 and 2011 will be fully utilized in the coming years.

On the other hand, management opted not to recognize deferred tax assets arising from the net operating loss carry over (NOLCO) and pre-operating expenses of FECSI, and from the NOLCO of EACCI and FEU Alabang, Inc. as management believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period. The carrying value of deferred tax assets as of those dates is disclosed in Note 20.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

4.1 Market Risk

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the University's AFS debt securities which are denominated in U.S. dollars (USD) and euro (EUR), and insignificant dollar deposit.

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

	2013		2012		2011	
	USD	**EUR**	USD	EUR	USD	EUR
Short-term exposure – Financial assets	**P 3,962,877**	**P -**	P 966,857	P -	P 3,281,301	P -
Long-term exposure – Financial assets	**P 147,193,807**	**P 58,496,721**	P 154,607,790	P 63,560,026	P 89,369,158	P 68,190,146

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

	2013			2012			2011		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity before tax**	Reasonably possible change in rate	Effect on profit before tax	Effect on equity before tax	Reasonably possible change in rate	Effect on profit before tax	Effect on equity before tax
PhP - USD	**14.25%**	**P 564,570**	**P 20,969,907**	8.07%	P 78,069	P 12,483,869	18.10%	P 594,026	P 16,178,821
PhP - EUR	**17.58%**	**-**	**10,285,726**	27.98%	-	17,781,023	17.36%	-	11,839,833
		P 564,570	**P 31,255,633**		P 78,069	P 30,264,892		P 594,026	P 28,018,654

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

(b) Interest Rate Risk

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

	Notes	**2013**	2012	2011
Cash and cash equivalents	7	**P 337,545,519**	P 485,761,243	P 378,615,741
AFS financial assets	9	**435,558,360**	200,930,821	567,127,869
Restricted cash and cash equivalents		**-**	5,000,000	5,000,000
		P 773,103,879	P 691,692,064	P 950,743,610

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, 2013, 2012 and 2011.

	2013		2012		2011	
	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	**+/-0.41%**	**P 1,383,937**	+/-0.98%	P 4,760,460	+/-0.53%	P 2,006,663
AFS financial assets	**+/-1.16%**	**5,052,477**	+/-1.21%	2,431,263	+/-1.48%	8,393,492
Restricted cash and cash equivalents	**-**	**-**	+/-0.98%	49,000	+/-0.53%	26,500
		P 6,436,414		P 7,240,723		P 10,426,655

(c) Other Price Risk

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

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

For equity securities listed in the Philippines, an average volatility of 12.27%, 15.74% and 18.98% has been observed during 2013, 2012 and 2011, respectively. If quoted prices for these securities increased or decreased by that amount, profit before tax would have changed by P41.0 million, P11.9 million and P28.6 million in 2013, 2012 and 2011, respectively.

No sensitivity analysis was provided for government and corporate bonds, and investments in trust classified as AFS financial assets as management deemed that the risk at the end of the year is unrepresentative of a risk inherent in financial instruments.

The investments 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 to ensure returns of these equity instruments are timely utilized or reinvested in the Group's favor.

4.2 Credit Risk

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

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

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

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

	Notes	**2013**	2012	2011
Cash and cash equivalents	7	**P 338,059,095**	P 486,095,989	P 379,328,540
Trade and other receivables – net	8	**493,525,523**	469,042,810	470,533,172
Financial assets at FVTPL	9	**18,629,900**	-	8,456,381
AFS financial assets (excluding equity securities)	9	**2,032,631,347**	1,796,485,381	1,451,887,535
Restricted cash and cash equivalents*		**-**	5,000,000	5,000,000
Refundable deposits**		**5,652,000**	3,929,796	3,929,796
		P 2,888,497,865	P 2,760,553,976	P 2,319,135,424

**Presented as part of Other Current Assets in the consolidated statements of financial position.*
***Presented as part of Other Non-current Assets in the consolidated statements of financial position.*

The table below shows the credit quality of the Group's financial assets as at March 31, 2013, 2012 and 2011 having past due but not impaired components.

	Notes	Neither past due nor impaired	Past due and impaired	Total
2013				
Cash and cash equivalents	7	P 338,059,095	P -	P 338,059,095
Trade and other receivables – net	8	358,641,556	134,883,967	493,525,523
Financial assets at FVTPL	9	18,629,900	-	18,629,900
AFS financial assets (except equity securities)	9	2,032,631,347	-	2,032,631,347
Refundable deposits		5,652,000	-	5,652,000
		P 2,753,613,898	**P 134,883,967**	**P 2,888,497,865**

	Notes	Neither past due nor impaired	Past due and impaired	Total
2012				
Cash and cash equivalents	7	P 486,095,989	P -	P 486,095,989
Trade and other receivables – net	8	436,331,538	32,711,272	469,042,810
AFS financial assets (except equity securities)	9	1,796,485,381	-	1,796,485,381
Restricted cash and cash equivalents		5,000,000	-	5,000,000
Refundable deposits		3,929,796	-	3,929,796
		P 2,727,842,704	P 32,711,272	P 2,760,553,976
2011				
Cash and cash equivalents	7	P 379,328,540	P -	P 379,328,540
Trade and other receivables – net	8	446,042,104	24,491,068	470,533,172
Financial assets at FVTPL	9	8,456,381	-	8,456,381
AFS financial assets (except equity securities)	9	1,451,887,535	-	1,451,887,535
Restricted cash and cash equivalents		5,000,000	-	5,000,000
Refundable deposits		3,929,796	-	3,929,796
		P 2,294,644,356	P 24,491,068	P 2,319,135,424

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

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

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables

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

(c) Financial Assets at FVTPL and AFS Financial Assets

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

4.3 Liquidity Risk

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

As at March 31, 2013, 2012 and 2011 the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
2013			
Trade and other payables	P 400,408,948	P 9,640,003	P -
Interest-bearing loans	2,306,123	1,223,654	944,078,904
Other non-current liabilities	-	-	4,632,374
	P 402,715,071	**P 10,863,657**	**P 948,711,278**
2012			
Trade and other payables	P 349,952,950	P 9,640,003	P -
Interest-bearing loans	3,335,931	2,885,931	10,957,972
Other non-current liabilities	-	-	4,903,932
	P 353,288,881	P 12,525,934	P 15,861,904
2011			
Trade and other payables	P 296,527,481	P -	P -
Interest-bearing loans	1,831,398	1,831,398	3,662,796
Other non-current liabilities	-	-	4,791,807
	P 298,358,879	P 1,831,398	P 8,454,603

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

5. CATEGORIES AND 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.

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	2013		2012		2011	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets							
Loans and receivables:							
Cash and cash equivalents	7	**P 338,059,095**	**P 338,059,095**	P 486,095,989	P 486,095,989	P 379,328,540	P 379,328,540
Trade and other receivables – net	8	**493,525,523**	**493,525,523**	469,042,810	469,042,810	470,533,172	470,533,172
Restricted cash and and cash equivalents		**-**	**-**	5,000,000	5,000,000	5,000,000	5,000,000
Refundable deposits		**5,652,000**	**5,652,000**	3,929,796	3,929,796	3,929,796	3,929,796
		837,236,618	**837,236,618**	964,068,595	964,068,595	858,791,508	858,791,508
FVTPL –							
Cross currency swaps	9	**18,629,900**	**18,629,900**	-	-	8,456,381	8,456,381
AFS financial assets:							
Short-term investments		**435,558,360**	**435,558,360**	200,930,821	200,930,821	567,127,869	567,127,869
Debt securities		**1,645,490,432**	**1,645,490,432**	1,595,554,560	1,595,554,560	884,759,666	884,759,666
Equity securities		**331,594,809**	**331,594,809**	208,121,506	208,121,506	150,757,513	150,757,513
Investment in club shares*		**2,050,000**	**2,050,000**	1,800,000	1,800,000	1,800,000	1,800,000
		2,414,693,601	**2,414,693,601**	2,006,406,887	2,006,406,887	1,604,445,048	1,604,445,048
		P 3,270,560,119	**P 3,270,560,119**	P 2,970,475,482	P 2,970,475,482	P 2,471,692,937	P 2,471,692,937
Financial liabilities							
At amortized cost:							
Trade and other payables	14	**P 410,048,951**	**P 410,048,951**	P 359,592,953	P 359,592,953	P 296,527,481	P 296,527,481
Interest-bearing loans	15	**810,139,521**	**810,139,521**	16,286,383	16,286,383	6,955,743	6,955,743
Other non-current liabilities		**4,632,374**	**4,632,374**	4,903,932	4,903,932	4,791,807	4,791,807
		1,224,820,846	**1,224,820,846**	380,783,268	380,408,268	308,275,031	308,275,031
FVTPL –							
Cross currency swaps	9, 14	**-**	**-**	1,145,972	1,145,972	-	-
		P 1,224,820,846	**P 1,224,820,846**	P 381,929,240	P 381,554,240	P 308,275,031	P 308,275,031

**Presented as part of Other Non-current Assets in the consolidated statements of financial position.*

See Notes 2.5 and 2.10 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 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 Group's financial assets at FVTPL and AFS financial assets measured at fair value in its consolidated statements of financial position as of March 31, 2013, 2012 and 2011 is as follows (see Note 9):

	Level 1	Level 2	Level 3	Total
2013				
Debt securities:				
Government	P 882,641,861	P -	P -	P 882,641,861
Corporate	762,848,571	-	435,558,360	1,198,406,931
Equity securities	331,594,809	-	2,050,000	333,644,809
Financial assets at FVTPL –				
Cross currency swaps	18,629,900	-	-	18,629,900
	P 1,995,715,141	**P -**	**P 437,608,360**	**P 2,433,323,501**
2012				
Debt securities:				
Government	P 835,320,756	P -	P -	P 835,320,756
Corporate	816,650,888	-	144,513,737	961,164,625
Equity securities	208,121,506	-	1,800,000	209,921,506
Derivative liability –				
Cross currency swaps	1,145,972	-	-	1,145,972
	P 1,861,239,122	P -	P 146,313,737	P 2,007,552,859

	Level 1	Level 2	Level 3	Total
2011				
Debt securities:				
Government	P 805,269,829	P -	P -	P 805,269,829
Corporate	79,489,837	-	567,127,869	646,617,706
Equity securities	150,757,513	-	1,800,000	152,557,513
Financial asset at FVTPL –				
Cross currency swaps	8,456,381	-	-	8,456,381
	P 1,043,973,560	P -	P 568,927,869	P 1,612,901,429

There were no transfers between levels 1 and 2 on all the years presented.

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 2.26. 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, trade and other receivables, AFS financial assets, real estate held-for-sale, investment property, and property and equipment. Segment assets do not include investments in an associate and a joint venture, deferred taxes and other assets which are not allocated to any segment's assets.

Segment liabilities include all operating liabilities as presented in the consolidated statements of financial position, except for deferred tax liabilities.

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, 2013, 2012 and 2011 (in thousands):

	Education			Real Estate – Rental Income			Real Estate – Sale of Properties			Investments			Total		
	2013	2012	2011	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011
REVENUES															
From external customers	**P2,196,977**	P 2,064,702	P 1,986,912	**P 89,323**	P 92,889	P 72,057	**P184,435**	P 16,505	P 11,557	**P 248,832**	P 211,723	P 163,781	**P2,719,567**	P2,385,819	P 2,234,307
Intersegment revenues	**-**	-	-	**73,682**	62,301	55,017	**19,839**	-	-	**1,820**	17,059	9,025	**95,341**	79,360	64,042
Total revenues	**2,196,977**	2,064,702	1,986,912	**163,005**	155,190	127,074	**204,274**	16,505	11,557	**250,652**	228,782	172,806	**2,814,908**	2,465,179	2,298,349
COSTS AND OTHER OPERATING EXPENSES															
Cost of sales and services excluding depreciation	**1,363,076**	1,230,625	1,228,919	**25,334**	32,704	24,144	**24,622**	1,463	1,610	**5,352**	2,847	1,812	**1,418,384**	1,267,639	1,256,485
Depreciation	**79,422**	91,483	81,004	**30,666**	21,981	22,446	**-**	-	-	**3,041**	1,951	1,954	**113,129**	115,415	105,404
Other expenses	**107,061**	202,343	155,592	**-**	-	-	**-**	-	-	**-**	-	1,836	**107,061**	202,343	157,428
	1,549,559	1,524,451	1,465,515	**56,000**	54,685	46,590	**24,622**	1,463	1,610	**8,393**	4,798	5,602	**1,638,574**	1,585,397	1,519,317
SEGMENT OPERATING INCOME	**P 647,418**	P 540,251	P 521,397	**P 107,005**	P 100,505	P 80,484	**P179,652**	P 15,042	P 9,947	**P 242,259**	P 223,984	P 167,204	**P 1,176,334**	P 879,782	P 779,032
TOTAL ASSETS AND LIABILITIES															
Segment assets	**P 2,282,312**	P 2,212,477	P 2,310,239	**P2,196,878**	P1,121,883	P1,182,194	**P175,266**	P 119,459	P 120,922	**P2,567,422**	P2,176,345	P 1,760,350	**P7,221,878**	P5,630,164	P5,373,705
Segment liabilities	**1,321,614**	956,911	1,032,076	**10,380**	19,432	17,800	**-**	-	-	**-**	-	-	**1,331,994**	976,343	1,049,876

The Group's geographical segment for the years ended March 31, 2013, 2012 and 2011 follows (in thousands).

	Manila	Makati	Cavite	Total
2013				
Segment revenues				
From external customers	P 2,548,556	P 129,204	P 41,807	P 2,719,567
Intersegment revenues	85,612	7,870	1,859	95,341
Total revenues	2,634,168	137,074	43,666	2,814,908
Cost of real estate sales	(25,334)	-	-	(25,334)
Operating expenses	(1,533,847)	(33,124)	(46,269)	(1,613,240)
Segment operating profit (loss)	**P 1,074,987**	**P 103,950**	**(P 2,603)**	**P 1,176,334**
Total Segment Assets	**P 7,129,074**	**P 58,236**	**P 34,568**	**P 7,221,878**
Total Segment Liabilities	**P 1,320,106**	**P 6,853**	**P 5,035**	**P 1,331,994**
2012				
Segment revenues				
From external customers	P 2,313,375	P 46,553	P 25,891	P 2,385,819
Intersegment revenues	69,962	7,026	2,372	79,360
Total revenues	2,383,337	53,579	28,263	2,465,179
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 853,190	P 30,929	(P 4,337)	P 879,782
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 2,191,515	P 19,252	P 23,540	P 2,234,307
Intersegment revenues	60,600	2,342	1,100	64,042
Total revenues	2,252,115	21,594	24,640	2,298,349
Cost of real estate sales	-	-	(1,610)	(1,610)
Operating expenses	(1,468,399)	(26,423)	(22,885)	(1,517,707)
Segment operating profit	P 783,716	P 4,829	P 145	P 779,032
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).

	2013	2012	2011
Revenue			
Total segment revenues	**P 2,814,908**	P 2,465,179	P 2,298,349
Elimination of intersegment revenues	**(95,341)**	(79,360)	(64,042)
Finance income	**(248,832)**	(211,723)	(163,781)
Management fees	**55,359**	47,857	18,304
Revenue from non-reportable segment	**4,994**	3,856	2,889
Revenues as reported in profit or loss	**P 2,531,088**	P 2,225,809	P 2,091,719
Profit or loss			
Segment operating profit	**P 1,176,334**	P 879,782	P 779,032
Finance costs	**(158,695)**	(74,879)	(42,213)
Management fees	**55,359**	47,857	18,304
Share in net losses of an associate and a joint venture	**(37)**	(3,065)	(3,303)
Miscellaneous income	**7,138**	10,788	8,165
Other unallocated expense	**(16,236)**	(5,151)	(4,463)
Tax expense	**(173,007)**	(113,859)	(100,269)
Group net profit as reported in profit or loss	**P 890,856**	P 741,473	P 655,253
Assets			
Segment assets	**P 7,221,878**	P 5,630,164	P 5,373,705
Investments in an associate and a joint venture	**6,846**	6,884	9,949
Goodwill	**-**	12,353	12,353
Deferred tax assets	**12,898**	9,424	13,436
Elimination of intercompany accounts	**(214,354)**	(430,935)	(701,061)
Total Assets	**P 7,027,268**	P 5,227,890	P 4,708,382
Liabilities			
Segment liabilities	**P 1,331,994**	P 970,514	P 1,049,876
Deferred tax liabilities	**41,481**	12,760	14,805
Elimination of intercompany accounts	**(10,753)**	(481,738)	(590,236)
Total Liabilities	**P 1,362,722**	P 501,536	P 474,445

7. CASH AND CASH EQUIVALENTS

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

	2013	2012	2011
Cash on hand and in banks	**P 228,947,190**	P 250,718,224	P 193,423,936
Short-term placements	**109,111,905**	235,377,765	185,904,604
	P 338,059,095	P 486,095,989	P 379,328,540

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group.

As of March 31, 2013, 2012 and 2011, these placements earn effective annual interest as follows:

	2013	2012	2011
Peso placements	**2.4% - 3.7%**	2.6% - 4.8%	0.4% - 4.4%
Dollar-denominated placements	**0.4%**	0.5%	0.5%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 18.1). The related interest receivable from placements as of March 31, 2013, 2012 and 2011 is presented as part of Accrued interest under Trade and Other Receivables in the consolidated statements of financial position (see Note 8).

8. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2013	2012	2011
Current:				
Non-related parties:				
Tuition and other school fees		**P 281,746,522**	P 214,458,062	P 161,384,453
Allowance for impairment		**(40,611,761)**	(32,711,272)	(24,491,068)
		241,134,761	181,746,790	136,893,385
Accounts receivable	12.1	**76,517,435**	62,882,486	70,243,249
Rental receivable	21.4	**5,236,365**	3,550,117	3,009,171
Loans receivable		**-**	55,200,000	147,700,000
Allowance for impairment	12.1	**(10,366,479)**	-	-
		71,387,321	121,632,603	220,952,420
Balance carried forward		**P 312,522,082**	P 303,379,393	P 357,845,805

	Notes	2013	2012	2011
Balance brought forward		**P 312,522,082**	P 303,379,393	P 357,845,805
Related parties:				
East Asia Educational Foundation, Inc. (EAEFI)	21.2, 21.3	**63,935,460**	62,072,963	28,952,968
ICF-CCE, Inc.	21.2, 21.4 21.5	**47,182,040**	39,440,183	32,109,755
FEU Educational Foundation, Inc. (FEFI)	21.2, 21.5	**36,723,687**	37,078,392	37,078,392
Nicanor Reyes Educational Foundation, Inc. (FERN College)	21.2	**2,492,959**	2,024,918	1,945,891
Allowance for impairment on receivables from FEFI and ICF-CCE, Inc.	18.2	**(83,905,727)**	-	-
		66,428,419	140,616,456	100,087,006
Others:				
Accrued interest	7, 9	**11,943,558**	12,687,808	8,487,281
Advances to officers and employees		**7,222,390**	9,483,869	14,042,349
Miscellaneous		**4,404,610**	12,359,153	4,113,080
		23,570,558	34,530,830	26,642,710
		P 402,521,059	P 478,526,679	P 484,575,521
Non-current –				
Non-related party –				
Accounts receivable	10	**P 115,000,000**	P -	P -
Discount on accounts receivable	10	**(16,773,147)**	-	-
		P 98,226,853	P -	P -

Loans receivable in 2012 and 2011 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 had an Investment Management Agreement. The outstanding loans receivable in 2012 was collected in full in August 2013. Interest income earned from these loans is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 18.1).

Receivable from EAEFI, a related party under common management, represents the outstanding receivables arising from management services provided by the University to EAEFI (see Note 21.3).

The University provides cash advances to support certain operating requirements such as faculty payroll for FEFI and ICF-CCE, Inc. Outstanding receivables arising from these transactions are presented as part of receivables from said entities (see Note 21.5).

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 24.2). 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 from the earlier between the release of the advances and the event to which the advances are utilized.

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of 2013, 2012 and 2011 is shown below.

	Notes	**2013**	2012	2011
Balance at beginning of year		**P 32,711,272**	P 24,491,068	P 15,727,708
Impairment losses during the year	12.1, 18.2	**145,336,694**	47,105,841	32,571,213
Receivables written off during the year		**(43,163,999)**	(38,885,637)	(23,807,853)
Balance at end of year		**P 134,883,967**	P 32,711,272	P 24,491,068

All of the Group's receivables had been reviewed for indicators of impairment. Certain tuition and other school fees receivables were found to be impaired; accordingly, adequate amount of allowance has been recorded.

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 allowance for impairment loss on receivables from students as of March 31, 2013, 2012 and 2011 pertains to amounts which have been outstanding for more than one semester and specifically identified to be impaired.

In 2013, the Group's management assessed that the receivables from ICF-CCE, Inc. and FEFI amounting to P47.2 million and P36.7 million, respectively, as of March 31, 2013 are doubtful as to collection. No impairment losses were recorded for these receivables as at March 31, 2012 and 2011 as the Group's management believes that these are still collectible in full. Impairment loss recognized on receivables is presented as part of Finance Costs in the 2013 consolidated statement of comprehensive income (see Note 18.2).

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This category of financial assets consists of the following:

	2013	2012	2011
Short-term investments	**P 435,558,360**	P 200,930,821	P 567,127,869
Debt securities:			
Government	**882,641,861**	835,320,756	805,269,829
Corporate	**762,848,571**	760,233,804	79,489,837
	1,645,490,432	1,595,554,560	884,759,666
Equity securities	**331,594,809**	208,121,506	150,757,513
	1,977,085,241	1,803,676,066	1,035,517,179
	P 2,412,643,601	P 2,004,606,887	P 1,602,645,048

The breakdown of AFS financial assets are as follows:

	2013	2012	2011
Local	**P 2,149,031,672**	P 1,624,494,229	P 1,320,308,507
Foreign	**263,611,929**	380,112,658	282,336,541
	P 2,412,643,601	P 2,004,606,887	P 1,602,645,048

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

	2013	2012	2011
Current	**P 2,045,603,933**	P 1,669,306,024	P 1,291,129,475
Non-current	**367,039,668**	335,300,863	311,515,573
	P 2,412,643,601	P 2,004,606,887	P 1,602,645,048

Interest income recognized from AFS financial assets are presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 18.1). The related interest receivable as of March 31, 2013, 2012 and 2011 are presented as Accrued interest under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

As of March 31, 2013, 2012 and 2011, AFS financial assets include short-term placements amounting to P435.6 million, P200.9 million and P567.1 million, respectively, that earn an annual interest ranging from 2.6% to 3.6% in 2013, 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.

In 2013, 2012 and 2011, the University also entered into a cross currency swap agreement to hedge its foreign currency exposure related to its foreign currency-denominated AFS financial assets. As of March 31, 2013 and 2011, the net fair value of these cross currency swaps amounting to P18.6 million and P8.5 million, respectively, is presented as Financial Assets at FVTPL in the 2013 and 2011 consolidated statements of financial position while the net fair value of the cross currency swap as of March 31, 2012 amounting to P1.1 million is presented as Cross currency swap payable under the Trade and Other Payables account in the 2012 consolidated statement of financial position (see Note 14).

The related fair value gains or losses are presented as part of Finance Income (Costs) in the consolidated statements of comprehensive income (see Note 18).

Being denominated in foreign currency, the related interest receivable from this cross currency agreement has been adjusted to the prevailing exchange rate resulting to the recognition of cross currency gain amounting to P2.7 million presented as part of Finance Income in the 2013 consolidated statement of comprehensive income (see Note 18.1). On the other hand, the net changes in carrying amount of the related interest payable from the 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 (see Note 18.2). The related asset is presented as part of Others under Trade and Other Receivables account (see Note 8), and the related liability is presented as part of Accrued expenses under the Trade and Other Payables in the consolidated statements of financial position (see Note 14).

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

	Note	**2013**	2012	2011
Balance at beginning of year		**P 2,004,606,887**	P 1,602,645,048	P 1,204,095,151
Additions		**257,977,832**	197,142,648	381,069,238
Withdrawals/disposals		**(144,266,581)**	(37,385,081)	(108,226,990)
Interest income	18.1	**208,911,668**	191,920,538	118,599,434
Fair value gains		**96,136,795**	62,898,653	12,793,283
Unrealized foreign exchange losses – net		**(10,723,000)**	(12,614,919)	(5,685,068)
Balance at end of year		**P 2,412,643,601**	P 2,004,606,887	P 1,602,645,048

10. REAL ESTATE HELD-FOR-SALE

Real estate held-for-sale represents an inventory of lots for sale at the following locations:

	2013	2012	2011
Silang, Cavite	**P 94,837,617**	P 94,837,617	P 94,837,617
Ferndale Villas, Quezon City	**-**	24,621,654	24,621,654
Ferndale Homes, Quezon City	**-**	-	1,462,989
	P 94,837,617	P 119,459,271	P 120,922,260

In January 2013, FRC sold parcels of land located in Ferndale Villas in Quezon City with a total carrying value of P24.6 million for a total consideration of P230.0 million (inclusive of VAT of P24.6 million).

Out of the total consideration, FRC received P40.0 million at the execution of the sale while the remaining unpaid balance will be paid as follows:

Year	Amount
January 2014	P 75,000,000
January 2015	57,500,000
January 2016	57,500,000

Total income generated from this transaction amounts to P184.4 million and is reported as Sale of Real Estate while the related cost amounting to P24.6 million is presented as Cost of Real Estate Sold under Costs and Operating Expenses in the 2013 consolidated statement of comprehensive income (see Note 17). Outstanding receivable arising from this transaction amounts to P115.0 million, net of discount on accounts receivables of P16.8 million, and is presented as part of Trade and Other Receivables in the 2013 consolidated statement of financial position (see Note 8). Since this receivable does not have an active market, its discounted value, as reported in the 2013 consolidated statement of financial position, is based on an underlying 7.7% interest rate determined by reference to the market interest rate of a comparable financial instrument.

11. INVESTMENTS IN AN ASSOCIATE AND A JOINT VENTURE

This account consists of the following as of March 31:

	2013	2012	2011
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	**(994,045)**	(933,483)	(876,145)
Share in net losses	**(37,481)**	(60,562)	(57,338)
Balance at end of year	**(1,031,526)**	(994,045)	(933,483)
	6,846,595	6,884,076	6,944,638
Investment in a joint venture			
Acquisition cost	**6,250,000**	6,250,000	6,250,000
Accumulated equity in net losses:			
Balance at beginning of year	**(6,250,000)**	(3,245,865)	-
Share in net losses	**-**	(3,004,135)	(3,245,865)
Balance at end of year	**(6,250,000)**	(6,250,000)	3,245,865
	-	-	3,004,135
	P 6,846,595	P 6,884,076	P 9,948,773

JMCI's summary of financial information as of December 31 is as follows:

	2012	2011	2010
Total assets	**P 14,801,771**	P 14,879,283	P 14,904,579
Total liabilities	**829,134**	830,154	731,853
Total equity	**13,972,637**	14,049,129	14,172,726
Net loss	**76,492**	123,597	117,018

ICF-CCE, Inc.'s summary of financial information as of December 31 is as follows:

	2012	2011	2010
Total assets	**P 59,788,696**	P 74,499,592	P 73,177,511
Total liabilities	**94,284,258**	89,027,211	67,169,240
Total equity (capital deficiency)	**(34,495,562)**	(14,527,619)	6,008,271
Net loss	**19,967,943**	20,535,890	6,491,729

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 joint venture company (JVC). The registration of the JVC was approved by the SEC on May 7, 2010.

The University's share in ICF-CCE, Inc.'s net loss in 2011 exceeded the balance of the investment account as of March 31, 2011. The University recognized its share in net losses amounting to P3.0 million to reduce the investment account to nil. The University's unrecognized equity in ICF-CCE, Inc. losses as of March 31, 2013 and 2012 amounted to P10.0 million and P7.3 million, respectively.

12. INVESTMENT PROPERTY

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2013, 2012 and 2011 are shown below.

	Land	**Land Improvements**	**Building and Improvements**	**Construction in Progress**	**Total**
March 31, 2013					
Cost	P 135,057,628	P 2,941,664	P 373,187,054	P 9,643,272	P 520,829,618
Accumulated depreciation	-	(2,941,664)	(151,596,199)	-	(154,537,863)
Net carrying amount	**P 135,057,628**	**P -**	**P 221,590,855**	**P 9,643,272**	**P 366,291,755**
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

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
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
April 1, 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

A reconciliation of the carrying amounts of investment property at the beginning and end of 2013, 2012 and 2011 is shown below.

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
Balance at April 1, 2012, net of accumulated depreciation	P 83,686,463	P 142,350	P 171,681,235	P 35,887,053	P 291,397,101
Additions	51,371,165	-	54,062,199	126,809	105,560,173
Reclassification	-	-	26,370,590	(26,370,590)	-
Depreciation charges for the year	-	(142,350)	(30,523,169)	-	(30,665,519)
Balance at March 31, 2013, net of accumulated depreciation	**P 135,057,628**	**P -**	**P 221,590,855**	**P 9,643,272**	**P 366,291,755**
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	-	-	12,324,147	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 35,887,053	P 291,397,101
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	-	-	-	(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

12.1 Sale of Investment Property

In March 2012, FRC sold a parcel of land located in Silang, Cavite with a carrying amount of P59.8 million to a certain real estate company for a total consideration of P61.5 million (inclusive of VAT) or equivalent to P54.9 million (net of VAT). The total outstanding receivable P61.5 million is presented as part of Accounts receivables under the Trade and Other Receivables account (see Note 8).

A loss amounting to P5.0 million was recognized from this transaction and is recognized as part of Miscellaneous under Other Income (Charges) 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 (inclusive of VAT of P5.5 million) which was settled through application of such amount against the outstanding receivable from the real estate company as of March 31, 2012. The difference between the total purchase price and the carrying value of the receivable at the date of settlement amounting to P10.4 million is presented as Impairment loss on accounts receivables under Finance Costs (see Note 18.2).

In 2012, outstanding receivable arising from the sale of FRC of a parcel of land located in Quezon City amounting to P70.2 million was collected in full.

12.2 Rental Income

The total rental income earned by the Group from its investment properties amounting to P89.3 million in 2013, P92.9 million in 2012 and P72.1 million in 2011 is presented as Rental account under the Revenues section in the consolidated statements of comprehensive income. 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 17).

12.3 Reclassification

In 2013, construction of certain condominium unit classified as investment property is already substantially complete. As such, total capitalizable contract price of P26.4 million was accordingly reclassified from Construction in progress to Building account both under Investment Property.

In 2011, FRC made a deposit amounting to P1.8 million for the acquisition of a parcel of land amounting to P12.0 million. In 2012, FRC, upon payment of an additional P4.8 million, recognized the investment property for P12.0 million and reclassified the deposit, previously presented as part of Trade and Other Receivables account, as part of Investment Property (see Note 8). The outstanding liability amounting to P6.0 million is presented as Liability for land acquisition under the Trade and Other Payables account (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 the investment property, excluding the additions during the year, as of March 31, 2013 amounted to P296.6 million. The discounted net future cash flows was computed based on the remaining useful lives of the properties ranging from 10 to 47 years. The costs of investment property additions during the year are considered as their fair values as of March 31, 2013.

13. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of 2013, 2012 and 2011 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Total
March 31, 2013						
Cost	P 1,493,611,235	P 1,647,870,611	P 212,734,176	P 164,379,595	P 284,754,784	P 3,803,350,401
Accumulated depreciation	-	(296,866,654)	(159,781,425)	(125,255,719)	-	(581,903,798)
Net carrying value	**P 1,493,611,235**	**P 1,351,003,957**	**P 52,952,751**	**P 39,123,876**	**P 284,754,784**	**P 3,221,446,603**
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	-	(152,562,121)	(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

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2013, 2012 and 2011 is shown below.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equiment	Construction in Progress	Total
Balance at April 1, 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
Additions	1,022,555,681	229,110,386	32,994,705	11,645,267	240,389,874	1,536,695,913
Disposals	-	-	(1,369)	(12,905)	-	(14,274)
Reclassifications	-	-	215,417	(376,710)	-	(161,293)
Depreciation charges for the year	-	(50,474,197)	(23,826,975)	(8,161,836)	-	(82,463,008)
Balance at March 31, 2013, net of accumulated depreciation	**P 1,493,611,235**	**P 1,351,003,957**	**P 52,952,751**	**P 39,123,876**	**P 284,754,784**	**P 3,221,446,603**
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	-	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

14. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2013**	2012	2011
Non-related parties:				
Trade payables		**P 108,367,536**	P 52,228,894	P 38,477,408
Accrued expenses	9	**43,878,127**	84,359,745	41,048,962
NSTP trust funds		**11,783,890**	-	-
Dividends payable	22.2	**107,537,970**	80,054,907	76,933,827
Deposits payable		**74,778,093**	50,555,514	48,271,186
Amounts due to students		**39,217,484**	40,445,573	37,094,299
Deferred output VAT		**8,035,714**	-	-
Liability for land acquisition	12.3	**-**	6,000,000	-
		393,598,814	313,644,633	241,825,682
Related parties:				
Payable to FEU retirement plan		**5,679,291**	5,679,291	9,843,054
Payable to FEFI		**-**	-	5,226,912
		5,679,291	5,679,291	15,069,966
Balance carried forward		**P 399,278,105**	P 319,323,924	P 256,895,648

	Note	2013	2012	2011
Balance brought forward		**P 399,278,105**	P 319,323,924	P 256,895,648
Others:				
Withholding taxes and other payables		**60,180,100**	33,316,677	36,783,627
Accrued salaries and employee benefits		**16,254,334**	30,591,622	30,190,791
Cross currency swap payable	9	**-**	1,145,972	-
Miscellaneous		**2,550,908**	9,677,407	9,441,042
		78,985,342	74,731,678	76,415,460
		P 478,263,447	P 394,055,602	P 333,311,108

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 payments of tuition and miscellaneous fees refundable on demand by the students.

The trust funds that the University and FECSI collected for student NSTP and other specific educational purposes amounted to P39.6 million and P26.6 million as of March 31, 2013 and 2012, respectively. Out of the P39.6 million collections from students in 2013, P27.8 million was disbursed. The remaining P11.8 million balance is presented as NSTP trust funds.

In 2012 and 2011, the Group's 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 NSTP trust funds as of March 31, 2012 and 2011.

15. INTEREST-BEARING LOANS

15.1 Loan of the University

In December 2012, the University obtained P800 million loan from a local commercial bank. The interest-bearing loan is payable in 2017 and bears a floating interest rate which is the higher between the base interest rate plus a spread of 85 basis points (bps), and the Bangko Sentral ng Pilipinas overnight reverse repurchase agreement rate plus a spread of 10 bps. The average interest rate in 2013 is 3.6%.

The University used the proceeds of the loan to acquire a parcel of land and to pay for related capital expenditures for the acquired land which will be leased to FEU Alabang, Inc. for the latter's campus.

Relative to the loan, the University is required to comply with the following covenants which are monitored on a quarterly basis:

- current ratio is not less than 1.00:1.00; and,
- debt-to-equity ratio is not more than 1.00:1.00.

In 2013, the University is in compliance with said loan covenants.

The loan covenants do not require the University to immediately pay the obligation upon failure to comply with the foregoing requirements.

The outstanding loan balance amounting to P800 million as of March 31, 2013, is shown as Interest-bearing Loans under the non-current liability section in the 2013 consolidated statement of financial position. There were no unpaid interests related to this loan as of March 31, 2013. Also, the University has not pledged any of its assets as collateral for the loan.

15.2 Notes Payable of FRC

In 2012, FRC entered into a Contract to Sell (CTS) with Alveo Land Corp. (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 note payable as of March 31, 2013 and 2012 is as follows:

	Current	Non-current	Total
2013			
Principal amount	P 2,860,800	P 5,479,966	P 8,340,766
Unamortized discount	(456,023)	(370,222)	(826,245)
Balance at end of year	**P 2,404,777**	**P 5,109,744**	**P 7,514,521**
2012			
Principal amount	P 3,099,200	P 8,340,765	P 11,439,965
Unamortized discount	(679,033)	(826,244)	(1,505,277)
Balance at end of year	P 2,420,167	P 7,514,521	P 9,934,688

In 2009, FRC purchased a condominium unit in Global City, Taguig for a total contract price of P29.4 million. Out of said contract price, 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 as of March 31, 2012 (nil in 2013) and is presented as part of Interest-bearing Loans in the 2012 consolidated statement of financial position.

The movement in the outstanding balance of the foregoing notes payables which are presented as part of Interest-bearing Loans in the consolidated statements of financial position is shown below.

	2013	2012	2011
Balance at beginning of year	**P 13,286,383**	P 6,955,743	P 10,327,238
Additions	**-**	9,934,688	-
Repayments	**(5,771,862)**	(3,604,048)	(3,371,495)
Balance at end of year	**7,514,521**	13,286,383	6,955,743
Current portion	**(2,404,777)**	(5,771,862)	(3,662,796)
Non-current portion	**P 5,109,744**	P 7,514,521	P 3,292,947

15.3 Note Payable of SPARC

On July 8, 2011, SPARC entered into an interest-bearing loan agreement with Medical Arts Tower, Inc. amounting to P3 million for a term of five years inclusive of one year grace period on the principal payment to commence on the date of release of the loan. The loan is payable in 20 equal quarterly installment payments. SPARC availed of the one year grace period and started paying the loan in July 2012 for 16 quarterly installment payment of P187,500.

The movement in the outstanding balance of the notes payables which is presented as part of Interest-bearing Loans in the 2013 and 2012 consolidated statements of financial position is shown below.

	2013	2012
Balance at beginning of year	**P 3,000,000**	P 3,000,000
Repayments	**(375,000)**	-
Balance at end of year	**2,625,000**	3,000,000
Current portion	**(750,000)**	(375,000)
Non-current portion	**P 1,875,000**	P 2,625,000

Interest expense incurred by SPARC amounted to P147,817 and 72,740 for 2013 and 2012, respectively, which is presented as part of Finance Costs in the 2013 and 2012 consolidated statements of comprehensive income. Unpaid interest amounted to P69,735 and P72,740 for 2013 and 2012, respectively, and is recorded as part of Others under Trade and Other Payables account in the 2013 and 2012 consolidated statements of financial position.

16. EDUCATIONAL REVENUES

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

	2013	2012	2011
Tuition	**P 2,298,889,984**	P 2,149,209,834	P 2,043,148,678
Less discounts:			
Scholarship	**132,843,478**	100,633,315	71,237,813
Family	**15,787,839**	13,579,903	9,843,617
Cash	**11,722,422**	10,742,533	11,167,161
	160,353,739	124,955,751	92,248,591
	2,138,536,245	2,024,254,083	1,950,900,087
Other school fees:			
Entrance fees	**18,994,886**	14,265,110	13,628,854
Identification cards	**8,882,340**	9,351,447	8,576,425
Transcript fees	**6,578,570**	7,072,540	8,602,882
Diplomas	**2,022,709**	2,435,969	2,677,978
Miscellaneous	**21,962,466**	7,322,916	2,525,813
	58,440,971	40,447,982	36,011,952
	P 2,196,977,216	P 2,064,702,065	P 1,986,912,039

Towards the end of every fiscal year, the University and FECSI usually collect 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 Revenues 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, 2013 as collection for summer classes started after March 31, 2013.

17. COSTS AND OPERATING EXPENSES

Operating expenses consists of:

	Notes	**2013**	2012	2011
Instructional and Academic				
Salaries and allowances	19	**P 612,495,443**	P 597,529,768	P 565,959,225
Employees benefits	19, 21.6	**200,422,176**	151,563,151	168,825,338
Related learning experience		**7,605,432**	9,765,742	25,955,995
Affiliation		**3,831,214**	8,026,841	12,095,802
Others		**92,257,785**	168,226,176	133,369,716
		916,612,050	935,111,678	906,206,076
Sale of Real Estate				
Cost of real estate sold	10	**24,621,654**	1,462,989	1,610,028
Administrative				
Salaries and allowances	19	**114,844,062**	107,841,047	104,359,201
Employees benefits	19	**51,431,022**	34,524,535	40,997,811
Directors' bonus		**12,875,000**	13,500,000	13,500,000
Rental		**12,869,627**	16,343,443	5,849,365
Others		**22,551,478**	30,304,282	23,538,261
		214,571,189	202,513,307	188,244,638
Maintenance and University Operations				
Utilities		**104,264,391**	98,032,222	88,042,401
Salaries and allowances		**27,946,378**	26,139,193	23,177,313
Janitorial services		**21,571,674**	20,874,874	17,066,870
Repairs and maintenance		**19,569,761**	27,755,934	60,281,145
Employee benefits	19	**13,377,578**	10,200,571	10,387,002
Property insurance		**2,429,511**	4,272,799	1,997,526
		189,159,293	187,275,593	200,952,257
General				
Depreciation and amortization	12, 13	**113,128,527**	115,415,315	105,404,109
Professional fees		**30,591,986**	14,161,730	14,750,091
Security services		**20,085,370**	25,633,047	25,545,434
Taxes and licenses		**16,319,927**	10,968,713	4,499,399
Publicity and promotions		**8,493,615**	9,332,079	7,154,574
Donation and charitable contributions		**1,021,477**	801,194	1,631,176
Others		**29,856,820**	12,369,620	6,627,983
		219,497,722	188,681,698	165,612,766
		P 1,564,461,908	P 1,515,045,265	P 1,462,625,765

18. FINANCE INCOME AND FINANCE COSTS

18.1 Finance Income

This account consists of the following:

	Notes	2013	2012	2011
Interest income from:				
AFS financial assets	9	**P 208,911,668**	P 191,920,538	P 118,599,434
Cash and cash equivalents	7	**19,816,663**	16,193,667	23,730,502
Loans receivables	8	**1,473,907**	3,609,204	12,994,323
		230,202,238	211,723,409	155,324,259
Fair value gains on financial assets at FVTPL	9	**18,629,900**	-	8,456,381
		P 248,832,138	P 211,723,409	P 163,780,640

18.2 Finance Costs

This account is broken down into the following:

	Notes	2013	2012	2011
Impairment losses on:				
Receivables from FEFI and ICF-CCE, Inc.	8	**P 83,905,728**	P -	P -
Tuition and other school fees	8	**51,064,486**	47,105,841	32,571,213
Accounts receivables	8	**10,366,480**	-	-
		145,336,694	47,105,841	32,571,213
Foreign exchange losses – net		**10,765,730**	12,605,534	6,212,893
Interest expense	15	**2,592,997**	5,564,865	3,428,939
Fair value loss on financial assets at FVTPL	9	**-**	9,602,353	-
		P 158,695,421	P 74,878,593	P 42,213,045

19. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

The University maintains since 1967 a tax-qualified, funded and contributory retirement plan, which is a defined contribution type of retirement plan, 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 P82.3 million in 2013, P19.9 million in 2012 and P69.8 million in 2011.

As a 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 to cover 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 showed the following:

	2012	2011	2010
Assets			
Cash on hand and in banks	**P 454,037,795**	P 318,781,015	P 24,083,864
Money market placements	**419,496,563**	489,757,180	758,247,882
Receivables	**67,822,305**	46,783,591	62,940,415
Others	**55,093**	92,066	114,396
	941,411,756	855,413,852	845,386,557
Liabilities	**(10,092,789)**	(15,612,477)	(67,028,640)
Net Assets	**P 931,318,967**	P 839,801,375	P 778,357,917

20. 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 qualify to avail of the 10% preferential rate given their revenue profile. In addition, the University and FECSI are also not covered by the minimum corporate income tax (MCIT) provision of the new tax code.

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

	2013	2012	2011
Reported in profit or loss			
Current tax expense:			
Special rate at 10%	**P 71,629,318**	P 64,470,590	P 59,431,631
Final tax at 20% and 7.5%	**24,870,493**	35,567,424	27,763,437
Regular corporate income tax (RCIT) at 30%	**45,505,748**	17,684,192	14,685,564
	142,005,559	117,722,206	101,880,632
Reported in other comprehensive income			
Deferred tax expense (income) arising from the origination and reversal of temporary differences	**31,001,534**	(3,863,191)	(1,611,453)
	P 173,007,093	P 113,859,015	P 100,269,179

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

	2013	2012	2011
Tax on pretax profit at 10%	**P 106,386,325**	P 85,533,236	P 75,552,251
Adjustments for income subjected to:			
RCIT	**39,928,830**	11,123,407	10,018,897
Final tax	**21,905,855**	17,484,233	13,185,575
Tax effects of:			
Excess of optional standard deduction (OSD) over itemized deductions	**(5,619,862)**	(1,040,436)	(237,071)
Unrecognized NOLCO	**3,765,338**	-	-
Unrecognized rent expense	**1,605,483**	-	-
Nondeductible interest expense	**253,894**	-	-
Others	**4,781,230**	758,575	1,749,527
	P 173,007,093	P 113,859,015	P 100,269,179

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

	Consolidated Statements of Financial Position			Profit or Loss		
	2013	2012	2011	**2013**	2012	2011
Deferred tax assets:						
Allowance for impairment losses on trade and other receivables	**P 8,657,412**	P 3,224,387	P 2,442,894	**(P 5,433,025)**	(P 781,493)	(P 870,123)
Unearned rental income	**1,703,936**	5,829,729	5,340,109	**4,125,793**	(489,620)	(1,588,507)
Unrealized foreign currency losses	**1,072,300**	1,260,163	377,222	**187,863**	(882,941)	(28,923)
Allowance for impairment on non-financial assets	**625,000**	-	-	**(625,000)**	-	-
NOLCO	**552,683**	-	-	**(552,683)**	-	-
Accrued rent expense	**255,998**	4,825,238	5,275,564	**4,569,240**	450,326	(106,688)
MCIT	**30,394**	-	-	**(30,394)**	-	-
Unrealized fair value losses	**-**	114,597	-	**114,597**	(114,597)	-
Deferred Tax Assets	**P 12,897,723**	P15,254,114	P 13,435,789			
Deferred tax liabilities:						
Accrued rent income	**(P 38,630,365)**	(P12,760,404)	(P 13,959,632)	**25,869,961**	(1,199,228)	137,150
Unrealized fair value gains on financial assets at FVTPL	**(1,862,990)**	-	-	**1,862,990**	-	-
Accrued rent receivable	**(912,192)**	-	-	**912,192**	-	-
Unrealized fair value gains on AFS financial assets	**(75,000)**	-	-	**-**	-	-
Unrealized foreign currency gains	**-**	-	(845,638)	**-**	(845,638)	845,638
Deferred Tax Liabilities	**(P 41,480,547)**	(P12,760,404)	(P 14,805,270)			
Deferred Tax Expense (Income) – net				**P31,001,534**	(P 3,863,191)	(P1,611,453)

The movements in the NOLCO of FECSI, EACCI, SPARC and FEU Alabang, Inc. are as follows:

Year Incurred	Amount	Expired	Remaining Balance	Valid Until
2013	P 12,551,126	P -	P 12,551,126	2016
2012	8,490,396	-	8,490,396	2015
2011	11,044,928	-	11,044,928	2014
2010	1,237,684	1,237,684	-	2013
	P 33,324,134	P 1,237,684	P 32,086,450	

Also, in 2012, SPARC incurred MCIT amounting to P30,394 which it can use as deduction against its income tax due up to taxable year 2015.

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 2013, 2012, and 2011 as RCIT was higher than the MCIT in those years.

FECSI is in a taxable loss position in 2013, 2012 and 2011; hence, no tax expense at the special tax rate of 10% was recognized in those years.

Also, for financial reporting purposes, FECSI recognized the expenses incurred prior to the start of it 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, 2013, 2012 and 2011 amounted to P154,995, P309,991 and P464,986, respectively.

EACCI has no MCIT recognized in 2013, 2012 and 2011 since it derived only interest income subject to final tax and dividend income exempt from income tax.

FEU Alabang, Inc. has no operations yet and it will be subject to MCIT three years after start of operations.

No deferred tax assets were recognized by FECSI, EACCI and FEU Alabang, Inc. in 2013, 2012 and 2011 since management believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period. Unrecognized deferred tax assets of said subsidiaries and related sources as of March 31 are as follows:

	2013		2012		2011	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect	Tax Base	Tax Effect
FECSI						
NOLCO	**P 18,425,280**	**P 1,842,528**	P 18,284,040	P 1,828,404	P 11,498,100	P 1,149,810
Pre-operating expenses	**155,000**	**15,500**	309,990	30,999	464,990	46,499
EACCI						
NOLCO	**11,440,363**	**3,432,109**	646,690	194,007	397,667	119,300
FEU Alabang, Inc.						
NOLCO	**378,533**	**113,560**	-	-	-	-

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 2013, 2012 and 2011, the University and other subsidiaries elected to use itemized deductions except for FRC which elected to use OSD in computing for its income tax due.

21. RELATED PARTY TRANSACTIONS

The Group's related parties include related parties under common management and key management personnel as described below. The following are the Group's significant transactions with such related parties:

	Notes	2013 Amount of Transaction	2013 Outstanding Receivable	2012 Amount of Transaction	2012 Outstanding Receivable	2011 Amount of Transaction	2011 Outstanding Receivable	Terms	Conditions
Related Parties Under Common Management									
Subscription of preferred stocks	21.1	**P 280,750,000**	**P -**	P -	P -	P -	P -	nonredeemable; non-controlling	not applicable
Advances	21.2	**(2,139,358)**	**14,186,252**	3,730,322	40,075,610	2,237,585	36,345,288	due and demandable; noninterest-bearing	unsecured; advances to ICF-CCE, Inc. and FEFI were fully impaired in 2013
Management fees	21.3	**4,469,896**	**52,242,167**	29,468,700	47,772,271	4,345,141	18,303,571	payable within 30 days; noninterest-bearing	unsecured; not impaired
Rental	21.4	**53,300,000**	**2,913,852**	50,200,000	15,266,853	18,300,000	6,891,148	payable within 30 days; noninterest-bearing	unsecured; rental receivable from ICF-CCE, Inc. was fully impaired in 2013
Others	21.5	**7,387,152**	**-**	8,040,798	38,243,709	407,080	38,546,999	due and demandable; noninterest-bearing	unsecured; impaired
Others –									
Key management compensation	21.6	**152,814,188**	**-**	146,214,885	-	135,101,107	-	not applicable	not applicable

21.1 Subscription of Preferred Stocks

In 2013, 280,750 preferred shares of EACCI amounting to P280,750,000 were subscribed and fully paid by EAEFI.

21.2 Noninterest-bearing Advances

The University grants unsecured and noninterest-bearing advances, which are due and demandable, to related parties under common management for working capital purposes.

Summarized below are the outstanding receivables from these advances as of March 31, shown as part of Trade and Other Receivables (see Note 8):

	Beginning Balance	Additional Advances	Repayments	Impairment	Ending Balance
2013					
EAEFI	P 14,300,692	P 17,163,977	(P 19,771,376)	P -	P 11,693,293
FERN College	2,024,918	2,553,157	(2,085,116)	-	2,492,959
ICF-CCE, Inc.	23,750,000	-	-	(23,750,000)	-
	P 40,075,610	**P 19,717,134**	**(P21,856,492)**	**(P23,750,000)**	**P 14,186,252**
2012					
ICF-CCE, Inc.	P 23,750,000	P -	P -	P -	P 23,750,000
EAEFI	10,649,397	5,643,914	(1,992,619)	-	14,300,692
FERN College	1,945,891	79,027	-	-	2,024,918
	P 36,345,288	P 5,722,941	(P 1,992,619)	P -	P 40,075,610
2011					
ICF-CCE, Inc.	P 23,750,000	P -	P -	P -	P 23,750,000
EAEFI	8,457,055	2,346,965	(154,623)	-	10,649,397
FERN College	1,900,648	52,500	(7,257)	-	1,945,891
	P 34,107,703	P 2,399,465	(P 161,880)	P -	P 36,345,288

In 2013, management assessed that total amount of advances to ICF-CCE, Inc. amounting to P23.8 million is doubtful of collection. Hence, the total advances to ICE-CCE, Inc. was provided with full amount of allowance, shown as part of Finance Costs in the 2013 consolidated statement of comprehensive income (see Note 18.2).

No allowance for impairment loss on remaining amount advances was provided as of March 31, 2013, 2012 and 2011 since management believes that these are collectible in full as of said dates.

21.3 Management Services

The University provides management services to EAEFI which agreed to pay management fee computed at a certain percentage of its gross revenue subject to certain conditions. Management fees earned amounted to P55.4 million in 2013, P47.9 million in 2012 and P18.3 million in 2011, which are presented as Management Fees account under the Revenues section in the consolidated statements of comprehensive income.

Outstanding receivables arising from this transaction amounted to P52.2 million, P47.8 million and P18.3 million as of March 31, 2013, 2012 and 2011, respectively, and are presented as part of receivables from EAEFI under Trade and Other Receivables (see Note 8).

21.4 Leases

(a) Lease of Buildings to EAEFI

The University leases out certain buildings to EAEFI for a period of one to five years until May 31, 2015. Total rental income from EAEFI, presented as part of the Rental account in the consolidated statements of comprehensive income, amounted to P53.3 million in 2013, P50.2 million in 2012 and P36.3 million in 2011. There were no outstanding receivables from these transactions for all the years presented.

(b) Lease of Buildings to FERN College

FRC leases out certain buildings to FERN College effective from June 1, 2007 to May 31, 2017 for an annual rental of P1.4 million or 10% of gross annual revenue, whichever is higher. In January 2013, an amended lease agreement was executed by both parties which stated that the lease term shall now be from January 31, 2013 to December 31, 2023 for an annual rental fee of P1.2 million or 10% of FERN College's annual gross income, whichever is higher.

Total rental income of FRC from FERN College amounted to P12.1 million, P10.0 million and P8.9 million as of March 31, 2013, 2012 and 2011, respectively, recorded as part of the Rental account in the consolidated statements of comprehensive income. Outstanding receivables from this transaction amount to P2.9 million and P0.7 million as of March 31, 2013 and 2012 (nil as of March 31, 2011) recorded as Rental receivable under Trade and Other Receivables (see Note 8).

(c) Lease of Office Premises to 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. Total rental income earned with ICF-CCE, Inc. amounted to P5.2 million, P7.6 million and P6.9 million in 2013, 2012 and 2011, respectively, and is recorded as part of Rental in the statements of comprehensive income. Outstanding balance from these transactions amounted to P19.7 million, P14.5 million and P6.9 million as of March 31, 2013, 2012 and 2011, respectively, recorded as part of receivables from ICF-CCE, Inc. under Trade and Other Receivables in the consolidated statements of financial position.

In 2013, management assessed that total rental receivables from ICF-CCE, Inc. amounting to P19.7 million is doubtful of collection; hence, the University provided full amount of allowance for the total receivable balance recorded as part of Finance Costs in the 2013 consolidated statement of comprehensive income.

21.5 Others

The University incurs various expenses on behalf of FEFI and ICF-CCE, Inc. recorded as receivables from FEFI and ICF-CCE, Inc. under Trade and Other Receivables in the consolidated statements of financial position. As of March 31, 2013, 2012 and 2011, total receivables from these transactions amounted to P60.2 million, P52.8 million and P45.4 million, respectively (see Note 8).

As of March 31, 2013, the management assessed that total amount of receivables from FEFI and ICF-CCE, Inc. arising from these transactions are doubtful of collection; hence, the University provided full amount of impairment for these receivables amounting to P60.2 million recorded as part of Finance Costs in the 2013 consolidated statement of comprehensive income (see Note 18.2). As of March 31, 2012 and 2011, no amount of impairment was provided for these receivables.

21.6 Key Management Personnel Compensation

Total remunerations of the Group's key management personnel as of March 31 presented as part of Salaries and allowances and Employees benefits under the Instructional and academic expenses account (see Note 17) is as follows:

	2013	2012	2011
Salaries	**P 105,108,027**	P 105,007,785	P 94,791,437
Bonuses	**27,053,116**	21,706,005	21,351,383
Retirement benefits	**20,653,045**	19,501,095	18,958,287
	P 152,814,188	P 146,214,885	P 135,101,107

22. EQUITY

22.1 Capital Stock

	Shares			Amount		
	2013	2012	2011	**2013**	2012	2011
Common shares – P100 par value						
Authorized	**20,000,000**	20,000,000	10,000,000			
Issued and outstanding:						
Balance at beginning of year	**13,768,634**	9,845,779	9,845,779	**P 1,376,863,400**	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**	13,768,634	9,845,779	**1,376,863,400**	1,376,863,400	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**	13,731,303	9,808,448	**P 1,373,130,300**	P 1,373,130,300	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 22.2).

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, 2013, there are 4,772,247 listed shares owned by the public, equivalent to 34.75% of the total outstanding shares, apart from the shares owned by the University and its related parties. Such listed shares closed at P1,220 per share as of March 31, 2013.

22.2 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	**2013**	2012	2011
Property and investment acquisition		**P 1,150,000,000**	P 1,320,000,000	P 1,200,000,000
Expansion of facilities		**300,000,000**	240,000,000	395,000,000
General retirement		**90,000,000**	65,000,000	65,000,000
Contingencies	24.3, 24.4	**10,000,000**	50,000,000	50,000,000
Purchase of equipment and improvements		**75,000,000**	39,770,000	140,000,000
Treasury shares		**3,733,100**	3,733,100	3,733,100
		P 1,628,733,100	P 1,718,503,100	P 1,853,733,100

The changes in the appropriated retained earnings are shown below.

	2013	2012	2011
Balance at beginning of year	**P 1,718,503,100**	P 1,853,733,100	P 1,675,099,017
Reversal of appropriations	**(210,000,000)**	(1,735,000,000)	(379,333,335)
Appropriations during the year	**120,230,000**	1,599,770,000	557,967,418
Balance at end of year	**P 1,628,733,100**	P 1,718,503,100	P 1,853,733,100

Breakdown of appropriations, which are expected to be utilized within one year from the end of the respective reporting period, is shown below.

	2013	2012	2011
Property acquisition and investment	**P 60,000,000**	P 1,300,000,000	P 557,967,418
Expansion of facilities	**25,000,000**	260,000,000	-
General retirement	**35,230,100**	39,770,000	-
	P 120,230,100	P 1,599,770,000	P 557,967,418

Also, the University reversed the previous appropriation for property and investment amounting to P170.0 million, P1.7 billion and P379.3 million in 2013, 2012 and 2011 respectively, as the planned investment and acquisition of property transpired in 2013 and 2012.

(b) Dividend Declaration

The BOT approved the following dividend declarations in 2013, 2012 and 2011:

	Date of Declaration	Date of Record	Date of Payment/Issuance		Amount
2013					
Cash dividend of P12 per share	June 19, 2012	July 4, 2012	July 18, 2012	P	164,775,636
Cash dividend of P12 per share	December 18, 2012	January 8, 2013	January 23, 2013		164,775,636
				P	**329,551,272**
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

Unreleased dividends as of March 31, 2013, 2012 and 2011 are presented as dividends payable under Trade and Other Payables in the consolidated statements of financial position (see Note 14).

23. EARNINGS PER SHARE

EPS amounts were computed as follows:

		2013		2012		2011
Net profit attributable to owners of the parent company	**P**	**800,228,226**	P	719,303,686	P	635,618,939
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**	**58.28**	P	52.38	P	46.29

The weighted average number of shares outstanding as of March 31, 2013, 2012 and 2011 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.

The University has no dilutive potential common shares as of March 31, 2013, 2012 and 2011; hence, the diluted EPS is same as basic EPS in all the years presented.

24. COMMITMENTS AND CONTINGENCIES

24.1 Purchase of Condominium Unit

As discussed in Note 15.2, FRC acquired condominium units which are still under construction. Future payments under this contract are presented as part of Interest-bearing Loans in the consolidated statements of financial position.

	2013	2012	2011
Within one year	**P 2,860,800**	P 6,280,555	P 4,103,706
After one year but not more than five years	**5,479,966**	8,340,766	3,419,756
	P 8,340,766	P 14,621,321	P 7,523,462

24.2 Operating Lease Commitments – Group as Lessor

As discussed in Notes 8 and 21.3, the University leases out certain buildings to EAEFI and ICF-CCE, Inc., and FRC to FERN College for varying periods. The University and FRC also lease out certain land and buildings to several non-related parties for a period of one to ten years.

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2013, 2012, and 2011 are as follows:

		2013		2012		2011
Within one year	**P**	**58,858,784**	P	69,315,406	P	54,599,651
After one year but not more than five years		**1,920,000**		209,296,168		156,752,077
More than five years		**-**		-		16,254,813
	P	**60,778,784**	P	278,611,574	P	227,606,541

24.3 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 types of contingencies (see Note 22.2).

24.4 Others

There are other contingencies that arise in the normal course of business that are not recognized in the Group's consolidated financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its consolidated financial statements, however, the Group opted to generally appropriate portion of its retained earnings to cover for such contingencies (see Note 22.2).

25. 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 and revaluation reserves are excluded from capital for purposes of capital management.

The BOT has overall responsibility for monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The 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, 2013, 2012 and 2011 under review is summarized as follows:

	2013	2012	2011
Total liabilities	**P 1,362,721,777**	P 501,535,863	P 474,444,640
Less: Deferred revenues	**5,679,787**	31,922,493	60,705,061
Deferred tax liabilities	**41,480,547**	12,760,404	14,805,270
	47,160,334	44,686,897	75,510,331
Total debt	**1,315,561,443**	456,852,966	398,934,309
Total equity attributable to owners of the parent company	**4,811,865,568**	4,245,051,820	3,774,804,257
Debt-to-equity ratio	**0.27 : 1.00**	0.11 : 1.00	0.11 : 1.00

The University's goal in capital management is to maintain a debt-to-equity structure ratio of not more than 1.00:1.00 on a quarterly basis. This is in line with the University's bank covenants related to its loan (see Note 15.1).

The University is in compliance with its covenant obligations, including maintaining the required debt-to-equity ratio in 2013.

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

Punongbayan & Araullo
An instinct for growth™

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The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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www.punongbayan-araullo.com

Supplementary Information and Independent Auditors' Report

The Far Eastern University, Incorporated and Subsidiaries

March 31, 2013, 2012 and 2011

Certified Public Accountants
P&A is a member firm within Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Group A Accreditation No. 0002-FR-3

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES
MARCH 31, 2013

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, 2013 and 2012, 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, 2013
d. Schedule of Financial Indicators for March 31, 2013 and 2012
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

MICHAEL M. ALBA
President and Chief
Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSRIBED AND SWORN to before me this 11th day of June 2013, affiants exhibiting their Tax Identification Numbers as follows:

Name	TIN	Place Issued
Lourdes R. Montinola	205-212-869	Philippines
Michael M. Alba	157-483-273	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines

NOTARY PUBLIC

[illegible] 2013
PTR No. [illegible] 2013; Manila
IBP No. [illegible] 2013; PPLM
Roll No. [illegible], May 27, 1988
Compliance No. [illegible]
Unit 403, Doña [illegible] Bldg.
920 [illegible] Manila
Tel No. [illegible]

Doc. No. 24
Page No. 7
Book No. VII
Series of 2013.

Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors To Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

19th and 20th Floors, Tower 1
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6766 Ayala Avenue
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Philippines

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www.punongbayan-araullo.com

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries (the Group) for the year ended March 31, 2013, on which we have rendered our report dated June 18, 2013. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Jessie C. Carpio
Partner

CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 3671446, January 2, 2013, 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, 2015)

June 18, 2013

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES

Schedule A - Marketable Securities - (Current Marketable Equity Securities and Other Short-Term Cash Investments)
For the year ended March 31, 2013

Name of banks		*Amount shown on the statements of financial position*		*Income received and accrued*
Bank of the Philippine Islands	P	1,045,105,044	P	130,895,796
Banco De Oro		989,852,636		103,218,658
Hongkong and Shanghai Banking Corporation Limited		50,000,000		9,161,619
China Bank		65,417,444		373,118
Rizal Commercial Banking Corp.		4,340,714		68,857
TOTAL	P	2,154,715,838	P	243,718,048

A The amount is presented in the statements of financial position as follows:

Cash and cash equivalents	P	109,111,905	P	19,816,663
Available-for-sale investments		2,045,603,933		223,901,385
	P	2,154,715,838	P	243,718,048

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS,
EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)
FOR THE YEAR ENDED MARCH 31, 2013
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Deducted	Deductions: Amount Written-Off	Current	Non-Current	Ending
PERSONAL ADVANCES							
Abala, Genelin	155.00					155.00	155.00
Abangan, John Paul		600.00	300.00		300.00		300.00
Abdon, Miel O.		611.50			611.50		611.50
Abelardo, Luzviminda E.		363.60			363.60		363.60
Abella, Ma. Corazon S.		9,534.25			9,534.25		9,534.25
Abello, Susan		4,329.79			4,329.79		4,329.79
Acab, Deborah	10,400.00		2,601.00			7,799.00	7,799.00
Acena, Joyce Lisa Johnson	(48,424.97)					(48,424.97)	(48,424.97)
Ador, Lauro	529.20					529.20	529.20
Advincula, Helen		8,870.50			8,870.50		8,870.50
Agnes, Reynold D.	(252.00)					(252.00)	(252.00)
Agudong, Julito		1,822.50			1,822.50		1,822.50
Aguila, Fitzgerald	9,104.91					9,104.91	9,104.91
Aguilar, Manuel P.		24,232.98			24,232.98		24,232.98
Agustin, Ma. Theresa A.		10,225.30			10,225.30	-	10,225.30
Ahmadzadeh, Teresita P.		594.75			594.75		594.75
Alabarca, Wilma J.	11,357.88	11,930.00	15,833.88		7,454.00	-	7,454.00
Alarde, Crispulo		9,800.00			9,800.00		9,800.00
Alba, Anna Michelle	150.00					150.00	150.00
Albano, Allan Rey L.	(372.50)	5,252.52	657.00		4,595.52	(372.50)	4,223.02
Alcoberes, Philip Jay N.	6,383.35	1,310.00	7,383.35		310.00		310.00
Aldeguer, Christine C.			1,950.00		(1,950.00)		(1,950.00)
Alejandro, Ma. Michelle	2,228.89					2,228.89	2,228.89
Alimuin, Sylvia A.		11,448.75			11,448.75		11,448.75
Alota, Jacqueline G.		16,204.25			16,204.25		16,204.25
Alvarado, Jesse Joey S.	(100.00)					(100.00)	(100.00)
Alvarez, Alfredo R.		24,653.85			24,653.85		24,653.85
Amacan, Normita	(3,764.00)	4,898.25			4,898.25	(3,764.00)	1,134.25
Amlog, Jocelyn	45,000.00					45,000.00	45,000.00
Amoncio, Lilia C.		1,616.10			1,616.10		1,616.10
Ampatin, Estrella	26,005.00		4,333.34			21,671.66	21,671.66
Anagbogu, Ignatius	3,150.00	20,776.50			20,776.50	3,150.00	23,926.50
Anastacio, Nanette V.	(8,165.47)					(8,165.47)	(8,165.47)
Andrada, Gayleen	200.00					200.00	200.00
Andrade, Ru-gui Ann	1,400.00					1,400.00	1,400.00
Angel, Heherson M.		18,693.00			18,693.00		18,693.00
Anido, Cecilia I.	79,256.58					79,256.58	79,256.58
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.	35,570.00	15,300.00	91,470.00		(38,700.00)	(1,900.00)	(40,600.00)
Aragones, Mary Ann F.	421.52					421.52	421.52
Aranzanso, Lourdes		4,007.32			4,007.32		4,007.32
Areola, Vina	7,700.00					7,700.00	7,700.00
Arquiza, Glenda	(9,845.50)					(9,845.50)	(9,845.50)
Arreca, Emma		6,141.25			6,141.25		6,141.25
Artezuela, Marilou C.		2,323.00			2,323.00		2,323.00
Artus, Glaiza		5,252.52	657.00		4,595.52		4,595.52
Atanacio, Fe A.	9,295.15		8,320.15			975.00	975.00
Atanque, Aurora	(2,288.82)					(2,288.82)	(2,288.82)
Austria, Rolando	(42,000.00)					(42,000.00)	(42,000.00)
Avila, Virgilio C.	(575.00)	213.26	426.52		(213.26)	(575.00)	(788.26)
Ayque, Wilbert		779.00			779.00		779.00
Azor, Helen	(1,528.17)					(1,528.17)	(1,528.17)
Bacsafra, Zenaida L.		1,591.43			1,591.43		1,591.43
Badilla, Nelson S.	69.04					69.04	69.04

Name and Designation of Debtor	Beginning Balance	Additions	Deductions Amount Deducted	Deductions Amount Written-Off	Current	Non-Current	Ending
Baello, Christine N.	3,738.78	4,148.02	5,338.80		2,548.00		2,548.00
Baguisi, Ma. Theresa M.	(1,816.70)					(1,816.70)	(1,816.70)
Baja, Lauro	996.25					996.25	996.25
Balarosan, Edna G.		27,757.00			27,757.00		27,757.00
Baldo, Cerlinda		1,200.00	800.00		400.00		400.00
Balita, Paulita C.	(14,913.23)					(14,913.23)	(14,913.23)
Balmes, Erickson	(200.00)					(200.00)	(200.00)
Banal, Rustom O.			1,162.50		(1,162.50)		(1,162.50)
Bantayan, Maria Emilia R.	5,710.08					5,710.08	5,710.08
Barro, Liana M.		3,802.00			3,802.00		3,802.00
Bartolome, Liezl	(58.00)	900.00			900.00	(58.00)	842.00
Bataan, Luzviminda G.	(8,885.62)					(8,885.62)	(8,885.62)
Batin, Judith J.	9,410.25	6,000.00	14,435.25		975.00		975.00
Bautista, Danilo		15,080.00	4,476.00		10,604.00		10,604.00
Bautista, Juan Andres	3,000.00	2,885.00			2,885.00	3,000.00	5,885.00
Bejar, Marcelyn B.			2,362.50		(2,362.50)		(2,362.50)
Bejemino, Jade		5,252.52	657.00		4,595.52		4,595.52
Belleza, Asuncion L.	29,444.00		28,618.00			826.00	826.00
Belza, Mercedes A.	7,060.00	10,709.71	2,118.00		10,709.71	4,942.00	15,651.71
Benavidez, Jessebelle		94.14	94.61		(0.47)		(0.47)
Benavidez, John Jay		300.00			300.00		300.00
Benico, Ericson		5,252.52	657.00		4,595.52		4,595.52
Bermachea, Ann Daryl	529.20	-				529.20	529.20
Bernardo, Rodrigo G.	28,411.00					28,411.00	28,411.00
Biescas, Jose		546.25			546.25		546.25
Bilan, Jeanette L.	1,326.18					1,326.18	1,326.18
Bilog, Alfredo	5.00					5.00	5.00
Binas, Marie Jean	(1,000.00)					(1,000.00)	(1,000.00)
Blanco, Lyra E.		545.75			545.75		545.75
Bolo, Benjamin A.	2,295.53	10,000.00	7,295.50		5,000.03		5,000.03
Borallo, Easter		6,049.10	6,089.70		(40.60)		(40.60)
Botasclac, Benjamin		11,002.11	4,476.00		6,526.11		6,526.11
Briones, Domingo J.	9,958.10	4,434.25	2,987.43		4,434.25	6,970.67	11,404.92
Brito, Razel	225.00					225.00	225.00
Buen, Jennifer		11,061.65			11,061.65		11,061.65
Buenafe, Ma. Belinda		5,134.00			5,134.00		5,134.00
Bueno, Marivie	10,370.75					10,370.75	10,370.75
Buenvenida Santos	3,971.75		1,588.70			2,383.05	2,383.05
Bugayong, Eleonor		239.50			239.50		239.50
Bulan, Mila	(2,083.30)					(2,083.30)	(2,083.30)
Bulanhagui, Nida	20.00					20.00	20.00
Buot, Joseph	600.00					600.00	600.00
Buquid, Apolonio A.	11,486.64					11,486.64	11,486.64
Burac, Joseph T.	6,659.10	0.10	7,991.20		(1,332.00)		(1,332.00)
Bustamante, Maria Christine H.	23,699.60	4,350.00	26,150.00			1,899.60	1,899.60
Caagbay, Elpidio Z.	20,433.70	11,930.00	23,414.70		8,949.00		8,949.00
Cabaltica, Leilani A.	12,449.73		10,320.00			2,129.73	2,129.73
Cabalu, Cromwell R.	(500.00)					(500.00)	(500.00)
Cabantac, Ricardo	7,060.00		2,118.00			4,942.00	4,942.00
Cabasada, Albert R.	(11,980.00)		320.00		(320.00)	(11,980.00)	(12,300.00)
Cabral, Raymond Nonnatus	81.68					81.68	81.68
Cabrera, Alicia		20,920.00			20,920.00		20,920.00
Cabrera, Maricel S.			30,000.00		(30,000.00)		(30,000.00)
Cada, Rosalie C.		6,460.25			6,460.25		6,460.25
Cadorna, Rosemarie	656.20					656.20	656.20
Cajucom, Cherry S.	6,956.10		7,456.10		(500.00)		(500.00)
Cajuday, Noel		192.10			192.10		192.10
Caleon, Alma		1,036.50			1,036.50		1,036.50
Camaclang, Merlita J.	3,068.17					3,068.17	3,068.17
Camana, Love V.		2,700.00			2,700.00		2,700.00
Cando, Cromwell N.		11,116.00			11,116.00		11,116.00
Canoza, Geraldine E.		10,775.40			10,775.40		10,775.40
Cao, Marilou F	(4,685.50)		320.00		(5,005.50)		(5,005.50)
Capacio, Glenn	(12,300.00)					(12,300.00)	(12,300.00)

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Deducted	Deductions: Amount Written-Off	Current	Non-Current	Ending
Capili, Regina R.	(1,515.00)					(1,515.00)	(1,515.00)
Caramanzana, Edward	9,000.00		2,700.00			6,300.00	6,300.00
Cardano, Patricio		19,067.25	4,476.00		14,591.25		14,591.25
Carino, Raquel G.	(1,549.75)					(1,549.75)	(1,549.75)
Carpio, Miguel M.	914,851.82	11,824.00	247,234.76		11,824.00	667,617.06	679,441.06
Carpio, Rustica	1,413.00					1,413.00	1,413.00
Casaclang, Editha		6,778.50			6,778.50		6,778.50
Castillo, Perlita C.	15,373.75	8,558.75	13,973.75		9,958.75		9,958.75
Castro, Joeven	4,555.00		1,590.00			2,965.00	2,965.00
Castro, Lawrence Christopher	1,765.22					1,765.22	1,765.22
Casuco, Leonida S.	(14,614.40)	745.00	496.00		249.00	(14,614.40)	(14,365.40)
Cebu, Teodora Arlene	26,000.00					26,000.00	26,000.00
Cempron, Jaime			787.50		(787.50)		(787.50)
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
Chua, George S.	(2,083.30)					(2,083.30)	(2,083.30)
Chua, Wilson S.		10,480.25			10,480.25		10,480.25
Ciubal, Willie Y.	(600.00)					(600.00)	(600.00)
Cometa, Ma. Victoria	(7,775.00)					(7,775.00)	(7,775.00)
Concha, Jhonalyn	10,900.00		2,724.99			8,175.01	8,175.01
Conti, Elnora	(1,500.00)					(1,500.00)	(1,500.00)
Copiaco, Ross Joseph		21,494.80			21,494.80		21,494.80
Cordero, Ronald G.		2,963.30			2,963.30		2,963.30
Cordoba, Enrico L.	(1,425.00)		666.70		(666.70)	(1,425.00)	(2,091.70)
Coronejo, Rosemarie		2,146.35			2,146.35		2,146.35
Corpuz, Delia R.		1,332.50			1,332.50		1,332.50
Cruz, Anita B.	25,000.00					25,000.00	25,000.00
Cruz, Christybel O.		4,325.00			4,325.00		4,325.00
Cruz, Eloisa G.	3,362.50					3,362.50	3,362.50
Cruz, Genevic		5,850.00			5,850.00		5,850.00
Cruz, Luzviminda S.		814.10			814.10		814.10
Cruz, Maria Ruth M.	1,500.09	19,653.50	58,653.50		(37,499.91)		(37,499.91)
Cruz, Precita S.	(1,400.00)	6,762.60			6,762.60	(1,400.00)	5,362.60
Cruz, Rebecca S.	16,194.61					16,194.61	16,194.61
Cruz, Sandra Lyn D.	44,780.56					44,780.56	44,780.56
Cuason, Willy Lim	(1,800.00)	1,041.70	1,333.40		(291.70)	(1,800.00)	(2,091.70)
Cuevas, Romeo C.		22,897.50			22,897.50		22,897.50
Cuibillas, Jorge		3,000.00			3,000.00		3,000.00
Culala, Harold John D.	9,845.35		13,024.95		(3,179.60)		(3,179.60)
Cunanan, Catherine		8,942.50			8,942.50		8,942.50
Cunanan, Fernando M.	1,025.03					1,025.03	1,025.03
Dadulla, Jose Y.		724.00			724.00		724.00
Dalton, Juanita	617.50					617.50	617.50
Damasco, Charmaine Gay	(617.50)					(617.50)	(617.50)
Danofrata, Julie		550.00			550.00		550.00
Davalos, Zenaida R.	(249.20)					(249.20)	(249.20)
Deciembre, Concepcion	(100.00)					(100.00)	(100.00)
Delgado, Emy		3,165.50			3,165.50		3,165.50
Destura, Blanca		9,628.00			9,628.00		9,628.00
Dimalibot, Ma. Martina Geraldine	2,126.98					2,126.98	2,126.98
Dimzon, Marnelli		5,252.52	657.00		4,595.52		4,595.52
Dingding, Quintin	5,687.80	3,150.00	20,987.80		(12,150.00)		(12,150.00)
Dizon, Kenneth Earl I.	200.00					200.00	200.00
Dizon, Mercy	(800.00)					(800.00)	(800.00)
Doble, Jon Derek	130,800.00					130,800.00	130,800.00
Doctolero, Priscilla		552.75			552.75		552.75
Dolba, Sammy Q.	(6,350.00)					(6,350.00)	(6,350.00)
Dones, irene P.	(99.99)					(99.99)	(99.99)
Doria, Raul B.		195.50			195.50		195.50
Ducut, Mirela G.	12,143.50	6,950.30	12,743.50		6,350.30		6,350.30
Eleazar, Glenda C.	11,357.94	11,930.00	15,833.88		7,454.06		7,454.06
Elman, Mario M.	(1,800.00)	426.50			426.50	(1,800.00)	(1,373.50)
Escobia, Irma L.	11,318.20	30,000.00	12,568.20		28,750.00		28,750.00
Escoses, Lloyd		5,252.52	657.00		4,595.52		4,595.52

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Deducted	Deductions: Amount Written-Off	Current	Non-Current	Ending
Eser, Myline S.	33,035.86					33,035.86	33,035.86
Esguerra, Marissa	(160.00)					(160.00)	(160.00)
Espera, Anthony			500.00		(500.00)		(500.00)
Espinosa, William V.	3,325.23					3,325.23	3,325.23
Espiritu, Elizabeth O.	10,720.11		11,346.36		(626.25)		(626.25)
Esquibel, Brian		5252.52	657		4595.52		4,595.52
Esquibel, Elizabeth	5,000.00					5,000.00	5,000.00
Esteban, Alejandro	5,000.00		2,500.00			2,500.00	2,500.00
Estrella, Gloria	1,460.37					1,460.37	1,460.37
Estrella, Luisito P.	17,097.00	11,930.00	21,073.00		7,954.00		7,954.00
Evangelista, Erika	17,375.00					17,375.00	17,375.00
Fabros, Marietta	5,295.67					5,295.67	5,295.67
Fagaragan, Charmaine Joy		1,500.00			1,500.00		1,500.00
Farolan, Mikhail E.	1,275.00					1,275.00	1,275.00
Faundo, Aurora L.	3,970.90					3,970.90	3,970.90
Felices, Catherine P.		4,888.75	39,000.00		(34,111.25)		(34,111.25)
Felizardo, Dante	10,000.00		3,000.00			7,000.00	7,000.00
Fernandez, Marita		300.00			300.00		300.00
Fernando, Gerry V.	6,373.00					6,373.00	6,373.00
Fernando, Rogelio E.	(40,500.00)					(40,500.00)	(40,500.00)
Fesalbon, Hermond	7,729.34					7,729.34	7,729.34
Fiesta, Erlinda P.	8,532.50	724.12	3,199.95		724.12	5,332.55	6,056.67
Figer, Reggy	24,300.00					24,300.00	24,300.00
Filoteo, Joycelyn		3,336.10			3,336.10		3,336.10
Flores, Miguela Trinidad		49,133.25			49,133.25		49,133.25
Flores, Roberto	(35,232.70)	5,252.52	657.00		4,595.52	(35,232.70)	(30,637.18)
Flores, Teresita T.		7,320.71			7,320.71		7,320.71
Fontanilla, Anecito	(2,656.64)	529.20	1,354.20		(825.00)	(2,656.64)	(3,481.64)
Fontanos, Milagros D.	4,571.10		5,977.90		(1,406.80)		(1,406.80)
Frades, Francisca B.	(781.85)					(781.85)	(781.85)
Frayres, Miguel		5,252.52	657.00		4,595.52		4,595.52
Fresnido, Roberto		5,252.52	657.00		4,595.52		4,595.52
Fulgar, Ildefonso		225.25			225.25		225.25
Gabon, Danilo B.		11,930.00	4,476.00		7,454.00		7,454.00
Galicia, Reynaldo		319.00			319.00		319.00
Galiza, Miguela	45,000.00					45,000.00	45,000.00
Gallardo, John	13,000.40					13,000.40	13,000.40
Garcia, Arvin		8,766.00			8,766.00		8,766.00
Garcia, Dolores	50,000.00					50,000.00	50,000.00
Garcia, Earl Jimson	6,000.00					6,000.00	6,000.00
Garcia, George DC.	12,275.00		14,730.00		(2,455.00)		(2,455.00)
Garcia. Miriam	11,155.53	11,930.00	15,660.53		7,425.00		7,425.00
Garcvia, Muriel		5,252.52	657.00		4,595.52		4,595.52
Garcia, Mylene	10,000.00		2,502.00			7,498.00	7,498.00
Garcia, Myllah D.		517.75			517.75		517.75
Garcia, Severino M.	320.00					320.00	320.00
Gariguez, Mariflor	10,591.34					10,591.34	10,591.34
Gaspillo, Rudy M.		3,989.75			3,989.75		3,989.75
Gavieta, Rommel	(2,083.30)	787.50	1,575.00		(787.50)	(2,083.30)	(2,870.80)
Gella, Frederick S.	(2,000.10)					(2,000.10)	(2,000.10)
Gellecano, Francisco R.		1,175.00	1,375.00		(200.00)		(200.00)
Gerardo, Elsa F.		4,365.90	2,200.00		2,165.90		2,165.90
Gilera, Enrico G.		21,534.15			21,534.15		21,534.15
Gonzales, Emmanuel		6,704.75			6,704.75		6,704.75
Gordo, Flordeliza N.		1,868.45			1,868.45		1,868.45
Guarino, Rebecca A.	(3,750.00)					(3,750.00)	(3,750.00)
Gubio, James B.	5,002.43	40,156.28	38,681.26		12,477.45	(6,000.00)	6,477.45
Guevarra, Remedios	4,297.00		2,578.20			1,718.80	1,718.80
Guillermo, Nemesio	5,511.50					5,511.50	5,511.50
Gutierrez, Carlo	(200.00)					(200.00)	(200.00)
Gutierrez, Lucita A.		17,436.00			17,436.00		17,436.00
Gutierrez, Maria Myrel	3,843.75					3,843.75	3,843.75
Guzman, Guillerma M.	18,708.18	12,230.00	21,564.60		9,373.58		9,373.58
Guzman, Jericho	8,460.00					8,460.00	8,460.00

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Guzman, Ma. Corazon A.	(250.75)	6,300.00	3,899.25		2,150.00		2,150.00
Hatt, Cielito Sanvictores	8.50					8.50	8.50
Hernandez, Alma R.		20,670.28			20,670.28		20,670.28
Hernandez, Angeline A.	6,675.53					6,675.53	6,675.53
Hernandez, Jan Joseph S.	(21.91)	5,252.52			5,252.52	(21.91)	5,230.61
Hiso, Christopher John	(16.70)					(16.70)	(16.70)
Igno, Francis	(650.00)					(650.00)	(650.00)
Iguas, Jose A.	30,070.80	3,947.50	22,878.10		3,947.50	7,192.70	11,140.20
Inciong, Cherry Wyne	16,332.40	2,750.00	10,174.90		4,220.00	4,687.50	8,907.50
Isidro, Teresita L.	(12,051.00)	1,650.00			1,650.00	(12,051.00)	(10,401.00)
Israel, Marietta	5,000.00		2,000.00			3,000.00	3,000.00
Janagap, Fe Q.	5,131.44					5,131.44	5,131.44
Jarlos, Anna Liza	11,357.88	11,930.00	15,833.88		7,454.00		7,454.00
Javier, Annabella	8,162.50		3,046.00			5,116.50	5,116.50
Javier, Nancy Joan	5,295.67					5,295.67	5,295.67
Jerusalem, Violeta L.	(9,716.98)					(9,716.98)	(9,716.98)
Jesus, Ma. Corazon		900.00	600.00		300.00		300.00
Jimenez, Arsenia	5,970.00	300.00	2,438.75		100.00	3,731.25	3,831.25
Jintalan, Elma		524.85			524.85		524.85
Joromat, Richmond	2,250.00					2,250.00	2,250.00
Julia, Brynn Jonson	(1,224.90)					(1,224.90)	(1,224.90)
Julio, Beata R.		300.00			300.00		300.00
Junio, Nenitha L.	(1.75)					(1.75)	(1.75)
Kenny Isabel	64,000.00					64,000.00	64,000.00
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.	(1,090.00)	21,971.75			20,881.75		20,881.75
Ladera, Renville M.		4,543.00			4,543.00		4,543.00
Lagman, Benjamin M.		4,004.36			4,004.36		4,004.36
Lajara, Galilea R.	3,600.00					3,600.00	3,600.00
Lamorena, Juditha M.	21,175.55		14,456.05			6,719.50	6,719.50
Lansang, Brenda		2,200.00			2,200.00		2,200.00
Lapastora, Milagros	64,785.52	17,781.15	58,136.71		22,358.16	2,071.80	24,429.96
Larano, Leonora	5,848.75		1,755.00			4,093.75	4,093.75
Larda, Edmundo D.	(1,500.00)					(1,500.00)	(1,500.00)
Las Pinas, Mary Grace		2,245.00	496.00		1,749.00		1,749.00
Lauro, Jocelyn P.	10,856.00	2,172.60	2,715.00		2,172.60	8,141.00	10,313.60
Laxamana, Mary Ann	200.00					200.00	200.00
Laxamana, Rachel D.	(200.00)					(200.00)	(200.00)
Lazaro, Carmelita			2,413.13		(2,413.13)		(2,413.13)
Lazaro, Maria Teresita A.	2,877.50	2,250.00	2,250.00			2,877.50	2,877.50
Lee, Chang Woo		5,252.52	657.00		4,595.52		4,595.52
Leon, Allan R.		5,252.52	657.00		4,595.52		4,595.52
Leon, Angelito Y.	60,919.18		60,000.00			919.18	919.18
Leon, Arsenia J.	2,100.00		1,400.00			700.00	700.00
Leon, Emma Rose H.	5,940.47					5,940.47	5,940.47
Leon, Jocelyn E.		600.00			600.00		600.00
Leonardo, Raul	4,457.77		719.40			3,738.37	3,738.37
Leonardo, Violeta M.		7,206.83			7,206.83		7,206.83
Letrero, Bernard	1,650.00					1,650.00	1,650.00
Liggayu, Pastora			2,324.30		(2,324.30)		(2,324.30)
Lim, Nathaniel		3,296.25			3,296.25		3,296.25
Lindo, Alicia		787.36			787.36		787.36
Lingat, Yolanda S.	2,300.10	6,205.85	8,511.65		(5.70)		(5.70)
Lintag, Gino Albert			1,000.00		(1,000.00)		(1,000.00)
Lluz, Samarlita N.	5,192.25					5,192.25	5,192.25
Lopez, Cristina M.		7,600.00	5,068.00		2,532.00		2,532.00
Lopez, Mercedita P.	42,219.95	31,983.93	42,499.10		31,983.93	(279.15)	31,704.78
Lopez, Ricardo S.	8,006.44	114.70	8,456.50		114.70	(450.06)	(335.36)
Lumacad, Fernando B.	(32,488.67)					(32,488.67)	(32,488.67)
Luzada, Gian J.	(1,683.20)					(1,683.20)	(1,683.20)
Macachor, Celito C.	49,281.91	9,047.21	53,348.51		4,980.61		4,980.61
Macalaguing, Mateo	10,000.00		1,668.00			8,332.00	8,332.00

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Deducted	Deductions: Amount Written-Off	Current	Non-Current	Ending
Macalintal, Connie SJ.		7,709.50			7,709.50		7,709.50
Macapagal, Arnualdo B.	53,130.25	13,605.00	53,130.25		13,605.00		13,605.00
Macapinlac, Joven			1,500.00		(1,500.00)		(1,500.00)
Macaraeg, Paul	6,436.23					6,436.23	6,436.23
Macaraig, Melinda	14,764.68	34,874.65	20,271.50		29,367.83		29,367.83
Macasaet, Grace Minerva		207.25			207.25		207.25
Madeja, Samuel M.	(1,052.85)	471.80			471.80	(1,052.85)	(581.05)
Madriaga, Joventina D.		6,162.80			6,162.80		6,162.80
Magayaga, Lea Q.	(6,659.99)					(6,659.99)	(6,659.99)
Magdasoc, Cecilia C.		111.50			111.50		111.50
Malay, Ernesto	20,910.00		5,229.00			15,681.00	15,681.00
Maliwat, Herminia I.	859,018.50	27,577.08	249,306.65		637,288.93		637,288.93
Mallari, Jaime M.		11,930.00	4,476.00		7,454.00		7,454.00
Malonzo, Ella Margarita N.	2,103.93					2,103.93	2,103.93
Mamaid, Melanie		2,391.50			2,391.50		2,391.50
Manalac, Elisa		6,600.00			6,600.00		6,600.00
Manguerra, Laarni C.		10,000.00			10,000.00		10,000.00
Manlapaz, Divine Grace	5,000.00					5,000.00	5,000.00
Manrique, Elenita	17,000.00					17,000.00	17,000.00
Manzano, Ronald		300.00			300.00		300.00
Marcelo, Teresita		265.75			265.75		265.75
Marcial, Johnny O.		2,638.00			2,638.00		2,638.00
Mariano, Maria Lourdes		22,709.00			22,709.00		22,709.00
Mariano, Redentor	(787.50)					(787.50)	(787.50)
Marinas, Luzviminda B.		13,130.00	5,276.00		7,854.00		7,854.00
Martin, Grace	116.11					116.11	116.11
Martin, Wilhelmina		903.50			903.50		903.50
Matandag, Marivel C.	11,568.00	300.00	12,000.00		(132.00)		(132.00)
Mazo, Flaviano S.	10,781.77	31,878.04	1,400.00		30,478.04	10,781.77	41,259.81
Medina, Buenaventura Jr.	1,050.00					1,050.00	1,050.00
Medina, Joy E.	10,000.00		5,564.00			4,436.00	4,436.00
Medina, Merle	(660.50)					(660.50)	(660.50)
Mendoza, Gloria A.		8,082.75			8,082.75		8,082.75
Mendoza, Jobert	10,000.00					10,000.00	10,000.00
Mendoza, Lovette Popples	8.00					8.00	8.00
Mendoza, Malaya S.	(250.00)					(250.00)	(250.00)
Menez, Karren		4,512.40			4,512.40		4,512.40
Menorca, Emmanuel		11,930.00	4,476.00		7,454.00		7,454.00
Menzi, Michael B.		1,300.00			1,300.00		1,300.00
Mercado, Annabelle	3,758.55					3,758.55	3,758.55
Metra, Carlo Antoni		564.00			564.00		564.00
Miguel, Emmanuel	6,619.60					6,619.60	6,619.60
Milagrosa, Alexander		5,252.52	657.00		4,595.52		4,595.52
Minas, Geraldine C.	9,466.90	4,439.10	14,716.90		(810.90)		(810.90)
Molina, Ma. Olivia G.	(376.20)					(376.20)	(376.20)
Molina, Mark Oliver		2,980.00	1,988.00		992.00		992.00
Monderin, Victor C.	(210.00)					(210.00)	(210.00)
Monfero, Rowena		2,798.45			2,798.45		2,798.45
Monong, Cora	6,000.00					6,000.00	6,000.00
Montano, Moses M.	941.67					941.67	941.67
Montesclaros, Edgardo	(2,083.30)					(2,083.30)	(2,083.30)
Montinola Juan Miguel	1,950.00	1,700.00			1,700.00	1,950.00	3,650.00
Moog, Evelyn		2,020.00			2,020.00		2,020.00
Morales, Rita		568.05			568.05		568.05
Moran, Elena		2,347.50			2,347.50		2,347.50
Mostajo, Esmeralda D.		1,727.85			1,727.85		1,727.85
Munson, Don N.		1,882.35			1,882.35		1,882.35
Nagal, Glenn Z.	862,124.75	9,635.53	221,908.91			649,851.37	649,851.37
Najjar, Mary Chastine T.		16,561.25			16,561.25		16,561.25
Narciso, Wilfredo	5,295.67					5,295.67	5,295.67
Natera, Malvin	4,121.97					4,121.97	4,121.97
Nebril, Jonathan A.	4,907.00					4,907.00	4,907.00
Neo, Helen A.	22,031.30		22,800.00		(768.70)		(768.70)
Nicdao, Lazaro B.		300.00			300.00		300.00

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Nicer, Joselito C.	320.03					320.03	320.03
Nietes, Raymond	16,689.30				16,689.30		16,689.30
Nieto, Rowena		1,200.00	800.00		400.00		400.00
Noriega, Mariwilda	(7,306.55)	23,252.33	4,476.00		18,776.33	(7,306.55)	11,469.78
Nuestro, Sarah A.	11,032.23					11,032.23	11,032.23
Nulla, Mila R.	76,909.10	42,910.75	55,500.00		42,886.10	21,433.75	64,319.85
Nuqui, Romeo B.		24,341.50			24,341.50		24,341.50
Oaferina, Gemmalyn A.	(2,400.09)					(2,400.09)	(2,400.09)
Ocampo, Wilfredo T.	1,150.00					1,150.00	1,150.00
Ochangco, Eda lou S.			875.00		(875.00)		(875.00)
Olipas, Lorina	200.00					200.00	200.00
Olivares, John Paul T.		4,000.00			4,000.00		4,000.00
Oliver, Michael		5,252.52	657.00		4,595.52		4,595.52
Ondevilla, Miel Kristian		94.25			94.25		94.25
Orozco, Glorina P.		2,633.60			2,633.60		2,633.60
Ortega, Manuel L.	(3,237.50)	729.20	1,458.40		(729.20)	(3,237.50)	(3,966.70)
Pacot, Marilou		8,236.00			8,236.00		8,236.00
Pacquing, Elizabeth P.		2,704.00			2,704.00		2,704.00
Padilla, Maria Eleanor	1,430.50					1,430.50	1,430.50
Padua, Maybelle Marie	975.00	1,747.00	200.00		1,547.00	975.00	2,522.00
Padual, Jennifer C.		1,723.90			1,723.90		1,723.90
Paguio, Carolina	11,583.00					11,583.00	11,583.00
Paguirigan, Viviana		27,000.00			27,000.00		27,000.00
Pahutan, Ludivinia M.	727.70	3,150.00	7,135.80		(3,258.10)		(3,258.10)
Palencia, Marjueve M.	(990.00)					(990.00)	(990.00)
Palenzuela, Rowena		13,000.80			13,000.80		13,000.80
Palis, Fernando		3,594.50			3,594.50		3,594.50
Palparan, Karoline		12,282.25			12,282.25		12,282.25
Pamilar, Ernesto		5,252.52	657.00		4,595.52		4,595.52
Panesa, Isabelita		1,099.50			1,099.50		1,099.50
Panganiban, Carolina A.	8,339.96					8,339.96	8,339.96
Pantas, Felix		4,460.75			4,460.75		4,460.75
Panzo, Salome V.	725.00					725.00	725.00
Papa, Adriano	5,500.00					5,500.00	5,500.00
Paraiso, Lourdes Oliva C.	84,847.50	8,439.00			8,439.00	84,847.50	93,286.50
Paras, Renato	50,000.00					50,000.00	50,000.00
Pascua, George P.		5,252.52	657.00		4,595.52		4,595.52
Pascua, Jennifer J.	59,752.91	7,136.75	18,525.00		2,736.75	45,627.91	48,364.66
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.		985.00			985.00		985.00
Paz, Emily C.		11,995.11			11,995.11		11,995.11
Paz, Rosalinda Z.	35,593.31	16,729.00	32,066.70		13,676.36	6,579.25	20,255.61
Pearson, Lou Dominic	57,663.75					57,663.75	57,663.75
Pedregosa, Jeremy Floyd	(372.50)					(372.50)	(372.50)
Pening, Teodoro	74,299.10	49,513.90	54,443.00		49,513.90	19,856.10	69,370.00
Perez, Hector		7,958.25			7,958.25		7,958.25
Permalino, Albert Emmanuel	7,060.89					7,060.89	7,060.89
Piguing, Charo		39,300.00			39,300.00		39,300.00
Pineda, Rodolfo G.	(805.24)	1,406.50			1,406.50	(805.24)	601.26
Ponsaran, Levy C.	5,563.20	3,600.00	9,296.40		(1,113.20)	980.00	(133.20)
Prudencio, Philip		4,093.80			4,093.80		4,093.80
Publico, Hilario	5,376.50					5,376.50	5,376.50
Pugeda, Annie		741.75			741.75		741.75
Punsalan, Angelita		565.50			565.50		565.50
Queddeng, Raymond Manalo	(1,104.20)					(1,104.20)	(1,104.20)
Querijero, Glen Hilario	5,000.00					5,000.00	5,000.00
Quines, Dante P.		1,446.00			1,446.00		1,446.00
Quintanar, Janeth	5,366.56					5,366.56	5,366.56
Quinto, Myrna P.	23,934.03	15,512.90	25,310.63		9,723.80	4,412.50	14,136.30
Quizon, Vener		7,971.50			7,971.50		7,971.50
Rabaino, Evangeline		264.25			264.25		264.25
Ragasa, Samuel M.		1,166.95			1,166.95		1,166.95
Ramones, Rhozallino	5,000.00		500.00			4,500.00	4,500.00

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Ramos, Bernadette		1,545.75			1,545.75		1,545.75
Ramos, Erlinda L.	10,000.00	20,952.00	2,502.00		20,952.00	7,498.00	28,450.00
Ramos, Rose Marie R.		9,747.50	800.00		8,947.50		8,947.50
Rapirap, Raquel T.	31,660.80	11,930.00	22,160.23		6,704.50	14,726.07	21,430.57
Razon, Benedict E.	975.00					975.00	975.00
Relente, Miguelito		300.00			300.00		300.00
Remiendo, Nora Liza A.	(2,333.33)					(2,333.33)	(2,333.33)
Remotin, Roberto M.		6,677.50			6,677.50		6,677.50
Retardo, Victor	15,812.75		20,812.75			(5,000.00)	(5,000.00)
Retuerma, Vanessa	750.00					750.00	750.00
Reyes, Cecil		20,900.20			20,900.20		20,900.20
Reyes, Ma. Editha T.		300.00			300.00		300.00
Reyes, Herbert	4,555.00					4,555.00	4,555.00
Reyes, Ma. Shiela		6,131.05			6,131.05		6,131.05
Reyes, Ma. Veronica		18,778.28			18,778.28		18,778.28
Reyes, Melodia S.	8,624.57	13,866.67	6,938.61		6,928.06	8,624.57	15,552.63
Reyes, Mercedes C.	18,629.63	9,530.31	3,419.63		9,530.31	15,210.00	24,740.31
Reyes, Richard Glenn C.		300.00			300.00		300.00
Rimano, Joy S.		1,770.00			1,770.00		1,770.00
Rito, Estrellita S.	(1,000.00)					(1,000.00)	(1,000.00)
Rivera, Ihrine		5,252.52	657.00		4,595.52		4,595.52
Rodillas, Ma. Rosario		2,000.00			2,000.00		2,000.00
Romero, Horacio		4,339.50			4,339.50		4,339.50
Romero, Joseph			437.50		(437.50)		(437.50)
Rosario, Julius		5,252.52	657.00		4,595.52		4,595.52
Rosario, Ma. Theresa O.		252.75			252.75		252.75
Rosas, Dario		5,252.52	657.00		4,595.52		4,595.52
Rosete, Dwight Benedict	(500.00)					(500.00)	(500.00)
Roaxs, Ronald	8,000.00		2,400.00			5,600.00	5,600.00
Rubillos, Leonardo I.	1,494.00		3,094.00			(1,600.00)	(1,600.00)
Rufo, Rowena		8,476.00			8,476.00		8,476.00
Sabaupan, Sylvette	23,364.75		5,891.16			17,473.59	17,473.59
Sagarino, Gavino	(5,295.67)		500.00		(500.00)	(5,295.67)	(5,795.67)
Saguinsin, James Owen		429.25			429.25		429.25
Sagun, Jose Arnold	1,062.50					1,062.50	1,062.50
Salamat, Jayvie Paulo		5,797.65			5,797.65		5,797.65
Salon, Jovito F.	(283.30)					(283.30)	(283.30)
Salunga, Loida	14,960.54					14,960.54	14,960.54
Salvado, Rowena E.	22,160.26					22,160.26	22,160.26
Salvador, Esther	18.00					18.00	18.00
Salvador, Norina S.	0.10					0.10	0.10
Samarita, Mercy Cristy		2,918.80			2,918.80		2,918.80
Samson, Leylani H.	42,865.80	5,358.00	4,363.80		4,860.00	39,000.00	43,860.00
Sandoval, Khistina	32,000.00					32,000.00	32,000.00
Sangel, Marites		11,685.25			11,685.25		11,685.25
San Mateo, Andres Ignacio			500.00		(500.00)		(500.00)
San Pablo, Maria Cecilia		39,000.00			39,000.00		39,000.00
Santos, Cesael		5,252.52	657.00		4,595.52		4,595.52
Santos, Cristina		660.50			660.50		660.50
Santos, Danilo B.	2,645.25		1,590.00			1,055.25	1,055.25
Santos, Felipe		539.00			539.00		539.00
Santos, Joseph		5,252.52	657.00		4,595.52		4,595.52
Santos, Leonida		3,260.75			3,260.75		3,260.75
Santos, Ronan S.	3,724.00		4,299.00			(575.00)	(575.00)
Santule, Aida	8,000.00		2,001.00			5,999.00	5,999.00
Sapitula, Preciosa	1,586.57					1,586.57	1,586.57
Saplala, Mariano F.		11,939.25	4,476.00		7,463.25		7,463.25
Serra, Christine A.	6,100.00		3,600.00			2,500.00	2,500.00
Sido, Ma. Victoria P.		3,948.00			3,948.00		3,948.00
Simo, Rickson Jay P.	200.00					200.00	200.00
Sin, Glenda S.	7,060.00	261.10	2,118.00		261.10	4,942.00	5,203.10
Siongco, Josephine C.		3,539.80			3,539.80		3,539.80
Siongco, Ma. Teresita	2,000.00		1,000.00			1,000.00	1,000.00
Sioson, Yolanda J.	57,480.00	6,890.75	1,538.00		5,352.75	57,480.00	62,832.75

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Sison, Erlinda G.	4,658.28					4,658.28	4,658.28
Sison, Waltedrudes M.	960.56					960.56	960.56
Soliman, Norma	7,060.00		2,118.00			4,942.00	4,942.00
Solivio, Rosalie		107.00			107.00		107.00
Sollano, Ma. Rosario			2,000.00		(2,000.00)		(2,000.00)
Somera, Aurelio	(200.00)					(200.00)	(200.00)
Sopoco, Anna Marie M.		711.25			711.25		711.25
Soria, Eulegio E.	14,500.01		16,500.00		(1,999.99)		(1,999.99)
Sta.Cruz, Cinderella A.	10,240.84		13,848.84		(3,608.00)		(3,608.00)
Sta. Maria, Amelia M.		975.50			975.50		975.50
Sta.Maria, Hipolito M.	9,982.45	13,935.50	16,406.00		7,511.95		7,511.95
Sta. Mina, Joel		5,252.52	657.00		4,595.52		4,595.52
Sugay, Judith J.		310.90			310.90		310.90
Sulam. Amparo	5,998.72					5,998.72	5,998.72
Sy, Dante V.	(1,566.60)					(1,566.60)	(1,566.60)
Tabuzo, Victor T.			2,850.00		(2,850.00)		(2,850.00)
Tajonera, Joan Patrick	12,088.85					12,088.85	12,088.85
Tan, Alvin O.	620.80					620.80	620.80
Tan, Maricar		184.75			184.75		184.75
Tapalgo, Elyn	(2,657.50)	10,343.85	1,498.00		8,845.85	(2,657.50)	6,188.35
Taruc, Pancho		1,200.00	800.00		400.00		400.00
Tayag, Evelyn R.		1,916.25			1,916.25		1,916.25
Tem, Joselito P.		1,200.00			1,200.00		1,200.00
Temporosa, Bernard T.	(1,085.20)	382.50	3,774.80		(3,392.30)	(1,085.20)	(4,477.50)
Tenorio, Mary Jane			200.00		(200.00)		(200.00)
Tiotangco, Angelina N.		2,601.30			2,601.30		2,601.30
Tirazona, Renato L.		12,721.00			12,721.00		12,721.00
Tizon, Dolores J.	(830.00)					(830.00)	(830.00)
Tolentino, Alllan	(537.60)					(537.60)	(537.60)
Tolentino, Edna J.		345.80			345.80		345.80
Tolentino, Rosula		22,333.75			22,333.75		22,333.75
Tomas, Eden A.	1,000.00	5,030.00	1,800.00		4,230.00		4,230.00
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
Torres, Melinda		300.00			300.00		300.00
Trajeco, Ma. Shirley			200.00		(200.00)		(200.00)
Trinidad, Josefina	1,860.82					1,860.82	1,860.82
Tuazon, Nino	356.25					356.25	356.25
Tuguigui, Marabini		7,579.25			7,579.25		7,579.25
Umpad, Mara	24,000.00					24,000.00	24,000.00
Urquico, Ma. Luisa		19,850.50			19,850.50		19,850.50
Usacdin, Leah B.		6,300.00			6,300.00		6,300.00
Usita, Laarni P.	23,069.00	524.35	1,922.41		524.35	21,146.59	21,670.94
Uy, Moira	4,000.00	4,436.00	1,500.00		4,436.00	2,500.00	6,936.00
Uyson, Leslie Marie	9,258.08					9,258.08	9,258.08
Valderrama, Ruth D.	30,813.05	5,981.25	25,565.25		5,981.25	5,247.80	11,229.05
Valencia, Jean Pauline S.	(5,198.00)	14,787.35			14,787.35	(5,198.00)	9,589.35
Valencia, Joy G.	1,916.80	7,521.75	3,832.60		5,605.95		5,605.95
Valenzuela, Rowena B.	120.00		3,046.50		(2,926.50)		(2,926.50)
Valimento, Ferdinand G.		2,390.25			2,390.25		2,390.25
Vanta, Amelia		695.50			695.50		695.50
Varilla, Edglyn	5,140.61					5,140.61	5,140.61
Velasquez, Damian D.	3,500.25	73,792.81	79,945.56		(2,652.50)		(2,652.50)
Velasquez, Ma. Charisma B.	3,160.04					3,160.04	3,160.04
Velasquez, Willyn V.	(1,000.00)					(1,000.00)	(1,000.00)
Vera, Alpher	(729.20)					(729.20)	(729.20)
Vera, Jose Rizalito	(5,400.00)					(5,400.00)	(5,400.00)
Vera, Michael R.	4,360.00		3,000.00		2,000.00	(640.00)	1,360.00
Vergara, Lordinio	(62.50)					(62.50)	(62.50)
Vibas, Danilo T.	1,058.50	12,030.00	83.50		12,030.00	975.00	13,005.00
Vicera, Reynante P.	(1,300.00)					(1,300.00)	(1,300.00)
Victoria, Wendelliza M.	9,299.00		10,000.00		(701.00)		(701.00)
Villanueva, Ma. Concepcion	30,606.00	22,491.75	27,603.30		21,994.45	3,500.00	25,494.45

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Deducted	Deductions: Amount Written-Off	Current	Non-Current	Ending
Villar, Gerald	7,060.00		1,765.00			5,295.00	5,295.00
Villegas, Amado R.		1,397.75			1,397.75		1,397.75
Villegas, Ronchette Lee		1,200.00	400.00		800.00		800.00
Vinluan, Lourdes R.	11,800.00	27,000.00	41,300.00		(2,500.00)		(2,500.00)
Vinluan, Renato A.	4,875.00					4,875.00	4,875.00
Yago, Rowena B.		1,800.00	1,000.00		800.00		800.00
Yang, Gloria G,.	45,000.00	8,314.50			8,314.50	45,000.00	53,314.50
Yap, Avelina M.	11,252.85		1,847.69			9,405.16	9,405.16
Yap, Caridad	(4,841.00)	3,820.00	2,050.00		1,770.00	(4,841.00)	(3,071.00)
Yatco, Ma. Carmen	29,320.00		5,330.90			23,989.10	23,989.10
Ymas, Sergio		9,971.70			9,971.70		9,971.70
Yturriaga, Ryan S.	12.38					12.38	12.38
Yu, Antonio O.	100.00					100.00	100.00
Zafra, Reynele Bren	345.80					345.80	345.80
Zaldivar, Felicia P.	43,830.00					43,830.00	43,830.00
Zaldivar, Ramil P.	5,000.00		1,500.00			3,500.00	3,500.00
Zamora, Elizar		996.85			996.85		996.85
Zamudio, Rowena B.	299.99	1,770.00	1,780.00		289.99		289.99
Zape, Vida Edna C.	(3,941.19)					(3,941.19)	(3,941.19)
	5,342,988.70	2,359,177.50	2,511,073.33		2,351,554.83	2,839,538.04	5,191,092.87
RECLASS FROM OCA TO PCA							
Aclan, Cecile SJ.	(14,448.07)					(14,448.07)	(14,448.07)
Alvarez, Alfredo	2,000.00					2,000.00	2,000.00
Ampatin, Estrella V.	(8,190.00)	508,885.02	334,169.44		174,715.58	(8,190.00)	166,525.58
Antonio, Alfredo	(226.00)					(226.00)	(226.00)
Bautista, Juan Andres		29,000.00	14,500.00		14,500.00		14,500.00
Bunuan, Editha	(3,163.12)					(3,163.12)	(3,163.12)
Bustamante, Maria Christine	(9,000.00)					(9,000.00)	(9,000.00)
Canoza, Geraldine	1,000.00	57,264.27	64,464.27		(6,200.00)		(6,200.00)
Cao, Marilou F.	(17,761.50)	480,034.56	473,601.29		(11,328.23)		(11,328.23)
Caratao, Jinky Rosario	6,800.00					6,800.00	6,800.00
Cruz, Reynaldo J.	(5,000.00)					(5,000.00)	(5,000.00)
Destura, Blanca	900.00					900.00	900.00
Diwa, Alvin	31,783.91					31,783.91	31,783.91
Domingo, Leovildo	(33,276.15)					(33,276.15)	(33,276.15)
Faundo, Aurora A.	4,550.00					4,550.00	4,550.00
Fernando, Gerry V.	1,000.00					1,000.00	1,000.00
Frades, Francisca B.	6,114.81		30,000.00		(23,433.87)	(451.32)	(23,885.19)
Hamero, Roselyn	(317.35)					(317.35)	(317.35)
Hernandez, Jan Joseph		13,000.00	6,800.00		6,200.00		6,200.00
Herrera, Rubie			12,500.00		(12,500.00)		(12,500.00)
Leon, Jocelyn E.	16,269.75	182,908.72	182,908.72			16,269.75	16,269.75
Lopez, Martin	2,905.61					2,905.61	2,905.61
Luansing, Ma. Emelita		26,929.50	26,929.40		0.10		0.10
Luna, Gina			8,200.00		(8,200.00)		(8,200.00)
Mendoza, Malaya	7,650.00					7,650.00	7,650.00
Molina, Mark Oliver	(33,354.71)	295,765.48	211,265.48		84,500.00	(33,354.71)	51,145.29
Oliver, Michael	(16,600.00)					(16,600.00)	(16,600.00)
Paz, Emily			63,455.62		(63,455.62)		(63,455.62)
Penarubia, Christopher	(12,858.74)	328,407.66	315,821.92		(273.00)		(273.00)
Pizarro, Arthur	1,200.00					1,200.00	1,200.00
Quines, Dante P.	300.00					300.00	300.00
Quinto, Myrna	62,948.00					62,948.00	62,948.00
Rapirap, Raquel T.	11,565.68	494,400.42	524,145.14		(18,179.04)		(18,179.04)
Reoperez, Marie Grace	34,816.00					34,816.00	34,816.00
Rito, Estrellita	(500.00)					(500.00)	(500.00)
Rosal, Josefina T.	1,000.00					1,000.00	1,000.00
San Diego, Immanuel	592.40	9,884.60	14,177.00		(3,700.00)		(3,700.00)
Santos, Jansen		14,000.00	25,742.77		(11,742.77)		(11,742.77)
Sarabia, Juliet	4,755.00					4,755.00	4,755.00

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Deducted	Deductions: Amount Written-Off	Current	Non-Current	Ending
Suba, Sally	19,000.00					19,000.00	19,000.00
Talatala, Jose Rowell		3,375.00			3,375.00		3,375.00
Tolentino, Rosula R.	12,223.80					12,223.80	12,223.80
Villanueva, Romulo	5,212.00					5,212.00	5,212.00
Villar, Gerald L.	20,294.47					20,294.47	20,294.47
Vizcayno, Wilfredo	(8,500.00)					(8,500.00)	(8,500.00)
Yang, Gloria	11,760.00					11,760.00	11,760.00
	103,445.79	2,443,855.23	2,308,681.05		124,278.15	114,341.82	238,619.97
TOTAL - 1123010	5,446,434.49	4,803,032.73	4,819,754.38		2,475,832.98	2,953,879.86	5,429,712.84

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule C - Amounts of Receivable/Payable from/ Related Parties which are Eliminated During the Consolidation of Financial Statements
March 31, 2013

Name and designation of debtor	Affected accounts	Balance at beginning of year	Additions	Deductions: Amounts collected	Deductions: Amounts written-off	Ending Balance: Current	Ending Balance: Non-current	Balance at the end of the period
Fern Realty Corporation (FRC)								
Unearned rental from FEU Main		-	4,700,000	-	-	4,700,000	-	4,700,000
Rental receivable from FEU Main		48,252,384		(45,692,402)		2,559,982		2,559,982
Interest payable from loan from FEU Main		-	2,513,681	-	-	2,513,681	-	2,513,681
Noninterest-bearing advances from FEU Main		134,358	-	-	-	134,358	-	134,358
Interest-bearing advances from FEU Main		465,156,538	-	(465,156,538)	-	-	-	-
		513,543,280	7,213,681	(510,848,940)	-	9,908,021	-	9,908,021
Far Eastern College - Silang								
Noninterest-bearing advances from FEU Main		2,967	917,227	(1,251)	-	918,943	-	918,943
East Asia Computer Center, Inc. (EACCI)								
Noninterest-bearing advances from FEU Main		-	619,643	-	-	619,643	-	619,643
FEU Alabang, Inc.		-	372,120	-	-	372,120	-	372,120
Noninterest-bearing advances								

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
SCHEDULE D - NONCURRENT MARKETABLE EQUITY SECURITIES,
OTHER LONG-TERM INVESTMENTS IN STOCKS AND OTHER INVESTMENTS
FOR THE YEAR ENDED MARCH 31, 2013

Name of Issuing Entity and Description of Each Investment	BEGINNING BALANCE		ADDITIONS (DEDUCTIONS)				ENDING BALANCE		Percentage Ownership	Dividends Received/Accrued from Investments Not Accounted for by the Equity Method
	Number of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	Number of Shares or Principal Amount of Bonds and Notes	Amount in Pesos	Dividends Received/ (Declared)	Equity in Earnings (Losses) of Investees for the Period	Number of Shares or Principal Amount of Bonds and Notes	Amount in Pesos		
Investment - Juliana Mngt. (Associate)	43,659	P 6,884,076	-	P -	P -	(37,481)	43,659	P 6,846,595	49.00%	-
Investment - ICF-CCF (Joint Venture)	-	-	-	-	-	-	-	-	50.00%	-
	43,659	P 6,884,076	-	P -	P -	P (37,481)	43,659	P 6,846,595		

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
SCHEDULE F - OTHER ASSETS
FOR THE YEAR ENDED MARCH 31, 2013

Description	Beginning Balance	Additions at Cost	Deductions		Other Changes-Additions (Deductions)	Ending Balance
			Charged to Costs and Expenses	Charged to Other Accounts		
Other Current Assets						
Restricted cash	P 5,000,000	P -	P -	P -	P (5,000,000)	P -
Prepayments	13,115,834	-	-	-	1,956,281	15,072,115
Others	22,009,508	-	-	-	10,083,411	32,092,919
	P 40,125,342	**P -**	**P -**	**P -**	**P 7,039,692**	**P 47,165,034**
Other Non-Current Assets						
Marketable securities	P 4,494,961	P -	P -	P -	P 1,250,002	P 5,744,963
Cash bond	134,833	-	-	-	-	134,833
Long-term refundable deposit	100,000	-	-	-	1,722,204	1,822,204
Others	13,421,721	-	-	-	(13,421,721)	-
	P 18,151,515	**P -**	**P -**	**P -**	**P (10,449,515)**	**P 7,702,000**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
SCHEDULE G - LONG TERM DEBT
FOR THE YEAR ENDED MARCH 31, 2013

Title of issue and type of obligation	*Amount authorized by indenture*	*Amount shown under caption "Current portion long-term debt" in related statement of financial position*	*Amount shown under caption "Long-Term Debt" in related statement of financial position*
Loans:			
Interest bearing loans	1,000,000,000.00	-	800,000,000.00

Interest-bearing loans includes unsecured long-term loan obtained by the University from a local bank amounting to P800,000,000 payable in 2017. The average interest rate in 2013 is 3.6%.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
FOR THE YEAR ENDED MARCH 31, 2013

				Number of shares held by			
Title of Issue[2]	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statement of financial position caption*	*Number of shares reserved for options, warrants, coversion and other rights*	*Related parties*[3]	*Directors, officers and employees*		*Others*
	20,000,000.00	13,731,303			Board of trustees	770,740	12,877,462
Issuance during the year	0	-			Officers	63,373	
		13,731,303			Employees/Faculty	19,728	

1 Indicate in a note any significant changes since the date of the last balance sheet filed.

2 Include in this column each type of issue authorized.

3 Affiliates referred to include affiliates for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.

THE FAR EASTERN UNIVERSITY, INCORPORATED & SUSIDIARIES
Nicanor Reyes Sr. Street, Sampaloc, Manila

Reconciliation of Retained Earnings Available for Dividend Declaration
March 31, 2013

UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AT BEGINNING OF YEAR, AS PRESENTED IN PRIOR YEAR RECONCILIATION	P	838,552,574
Net Profit Realized for the Year		
Net profit per audited 2013 financial statements		785,936,366
Add (Less) Changes in Unappropriated Retained Earnings for the Year		
Appropriations		(120,230,000)
Reversal of appropriations		210,000,000
Stock dividend declarations		-
Dividend declarations		(329,551,272)
Total		(239,781,272)
UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AT END OF YEAR	**P**	**1,384,707,668**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES

Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of March 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✔		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✔		
Practice Statement Management Commentary			✔	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✔		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✔		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✔		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS 1: Government Loans* *(effective January 1, 2013)*			✔
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
PFRS 3 (Revised)	Business Combinations	✔		
PFRS 4	Insurance Contracts			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✔
PFRS 6	Exploration for and Evaluation of Mineral Resources			✔
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PFRS 7: Transition	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2013)*			✔
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			✔
PFRS 8	Operating Segments	✔		
PFRS 9	Financial Instruments *(effective January 1, 2015)*			✔
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective January 1, 2015)*			✔
PFRS 10	Consolidated Financial Statements* *(effective January 1, 2013)*			✔
	Amendments to PFRS 10: Transition Guidance* *(effective January 1, 2013)*			✔
	Amendments to PFRS 10: Investment Entities* *(effective January 1, 2013)*			✔
PFRS 11	Joint Arrangements* *(effective January 1, 2013)*			✔
	Amendments to PFRS 11: Transition Guidance* *(effective January 1, 2013)*			✔
PFRS 12	Disclosure of Interests in Other Entities* *(effective January 1, 2013)*			✔
	Amendments to PFRS 12: Transition Guidance* *(effective January 1, 2013)*			✔
	Amendments to PFRS 12: Investment Entities* *(effective January 1, 2013)*			✔
PFRS 13	Fair Value Measurement* *(effective January 1, 2013)*			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✔		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
PAS 2	Inventories	✔		
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 11	Construction Contracts			✔
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✔		
PAS 16	Property, Plant and Equipment	✔		
PAS 17	Leases	✔		
PAS 18	Revenue	✔		
PAS 19	Employee Benefits	✔		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✔
PAS 19 (Revised)	Employee Benefits* *(effective January 1, 2013)*			✔
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		
	Amendment: Net Investment in a Foreign Operation	✔		
PAS 23 (Revised)	Borrowing Costs	✔		
PAS 24 (Revised)	Related Party Disclosures	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✔
PAS 27	Consolidated and Separate Financial Statements	✔		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate	✔		
PAS 27 (Amended)	Separate Financial Statements* *(effective January 1, 2013)*	✔		
	Amendments to PAS 27 (Amended): Investment Entities* *(effective January 1, 2013)*	✔		
PAS 28	Investments in Associates	✔		
PAS 28 (Amended)	Investments in Associates and Joint Ventures* *(effective January 1, 2013)*			✔
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 31	Interests in Joint Ventures	✔		
PAS 32	Financial Instruments: Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✔		
	Amendment to PAS 32: Classification of Rights Issues	✔		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2014)*			✔

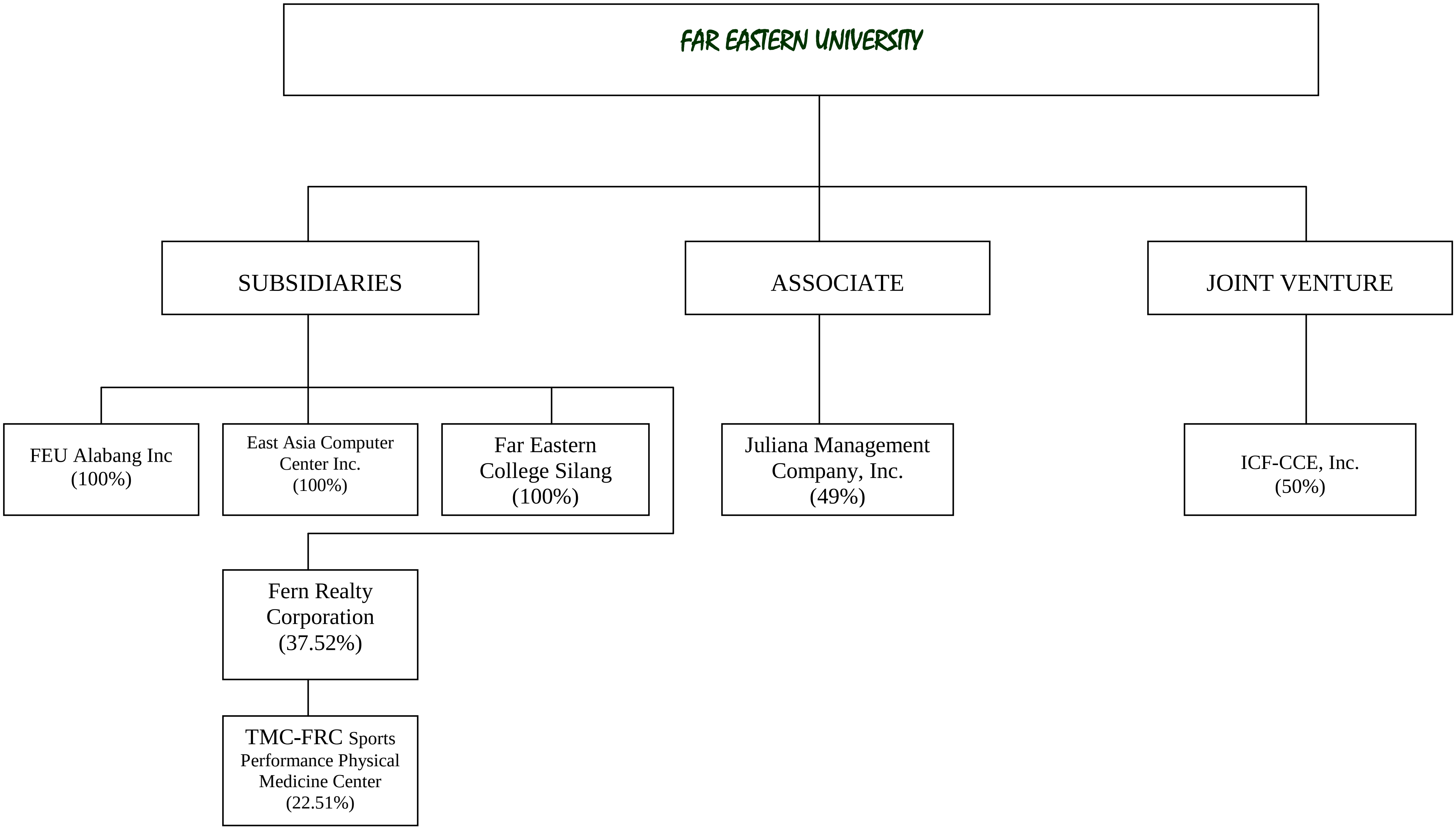
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting	✔		
PAS 36	Impairment of Assets	✔		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets	✔		
PAS 39	Financial Instruments: Recognition and Measurement	✔		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✔		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✔		
	Amendments to PAS 39: The Fair Value Option	✔		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✔		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✔		
	Amendment to PAS 39: Eligible Hedged Items	✔		
PAS 40	Investment Property	✔		
PAS 41	Agriculture			✔
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**			✔
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✔		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**			✔
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✔
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✔
IFRIC 9	Reassessment of Embedded Derivatives**	✔		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✔		
IFRIC 10	Interim Financial Reporting and Impairment	✔		
IFRIC 12	Service Concession Arrangements	✔		
IFRIC 13	Customer Loyalty Programmes			✔
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✔
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			✔
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners**	✔		
IFRIC 18	Transfers of Assets from Customers**			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✔		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine* *(effective January 1, 2013)*			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✔
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-12	Consolidation - Special Purpose Entities			✔
	Amendment to SIC - 12: Scope of SIC 12			✔
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✔		
SIC-15	Operating Leases - Incentives	✔		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✔		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✔		
SIC-29	Service Concession Arrangements: Disclosures			✔
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✔		
SIC-32	Intangible Assets - Web Site Costs**	✔		

* These standards will be effective for periods subsequent to 2012 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

MAP SHOWING THE RELATIONSHIP BETWEEN FEU AND ITS RELATED ENTITIES



THE FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
FINANCIAL INDICATORS
MARCH 31, 2013

	2013	2012	2011
Quick ratio	1.49	2.04	1.91
Current/liquidity ratios	5.93	5.90	5.20
Debt-to-equity ratios	0.24	0.11	0.11
Debt-to-asset ratios	0.19	0.10	0.10
Equity-to-asset ratios	0.81	0.90	0.90
Return on Assets	0.13	0.14	0.14
Return on Equity	0.16	0.16	0.15
Earnings per share	58.28	52.38	46.29

Undertaking

Upon written request, the Corporation undertakes to furnish stockholders with a copy of SEC Form 17-A free of charge, except for the exhibits attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

Far Eastern University
Nicanor Reyes Street
Sampaloc, Manila 1008

Attention: Ms. Angelina P. Jose
Corporate Secretary

Verification

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

ISSUER	:	FAR EASTERN UNIVERSITY, INC.
DATE	:	July 8, 2013
SIGNATURE AND TITLE	:	ANGELINA P. JOSE Corporate Secretary