



FAR EASTERN UNIVERSITY



2015

ANNUAL REPORT



Dr. Nicanor Reyes, Sr.
Founder and First President

2015

ANNUAL REPORT



FAR EASTERN UNVERISTY
MANILA



CONTENTS

Board of Trustees Profile	4
Chair's Message	7
President's Report	11
Financial Highlights	23
Statement of Management's Responsibility for Financial Statements	24
Report of Independent Auditors	25
Consolidated Statements of Financial Position	27
Consolidated Statements of Comprehensive Income	29
Consolidated Statements of Changes in Equity	30
Consolidated Statements of Cash Flows	32



Board of Trustees



Lourdes R. Montinola

87, Filipino: Chair Emeritus (August 2013 to present), Chair (June 1989 to August 2013), Far Eastern University, Inc.

Other Corporate Affiliations: Chair, Board of Directors, FERN Realty Corporation; Chair and President, FEU Educational Foundation, Inc.; Trustee, Nicanor Reyes Educational Foundation, Inc.; Chair, Far Eastern College Silang, Inc.; Governor, Nicanor Reyes Memorial Foundation; Trustee, FEU-Dr. Nicanor Reyes Medical Foundation, Inc. and East Asia Educational Foundation, Inc.; Board Member, The English Speaking Union and MEMORARE-Manila 1945 Foundation, Inc. She is also a Member of the Museum Foundation of the Philippines, Inc., the Oriental Ceramic Society, the Heritage Conservation Society, and HABI: The Philippine Textile Council, Inc.

Dr. Montinola holds a Bachelor of Arts degree (cum laude) from Marymount College, New York, U.S.A., and an M.A. in Cultural History from the Asean Graduate Institute of Arts. She completed the Management Development Program for College and University Administrators in the Institute for Educational Management, Graduate School of Education, Harvard University, U.S.A. She obtained her Ph.D. in English: Creative Writing from the University of the Philippines.



Aurelio R. Montinola III

64, Filipino: Chairman of the Board of Trustees (August 2013 to present), Vice Chair (June 1989 to August 2013), Far Eastern University, Inc.

His other affiliations, among others, include: Chairman, AMON Trading Corporation, BPI-Philam Life Assurance Company, East Asia Computer Center, Inc., East Asia Educational Foundation, Inc. and Nicanor Reyes Educational Foundation, Inc.; Vice Chairman, Philippine Business for Education Foundation; Director, World Wide Fund for Nature-Philippines; Trustee, Makati Business Club; and Member, Management Association of the Philippines.

He is also a Director of the Bank of the Philippine Islands and Chairman of Lafarge Republic, Inc., both listed corporations.

He graduated with a BS Management Engineering degree from the Ateneo de Manila University in 1973, and received his MBA at Harvard Business School in 1977. He was awarded the 2005 and 2009 Asian Banker Leadership Award for the Philippines and the MAP Management Man of the Year Award in 2012.



Michael M. Alba

58, Filipino: President and Member of the Board of Trustees (October 2012 to present), Far Eastern University, Inc.

He is President concurrently of East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Nicanor Reyes Educational Foundation, Inc., and Far Eastern College Silang, Inc. His affiliations include, among others: Philippine Association of Colleges and Universities (Board Member and Chair, Industry-Academe Linkage Committee), Private Education Assistance Committee (Regional Secretariat Program Director for the National Capital Region), Commission on Higher Education Technical Committee for Economics (Chair), Philippine Economic Society (Lifetime Member and President in 2007), Action for Economic Reforms (Fellow), Philippine Human Development Network (Member).

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



Angelina Palanca Jose

62, Filipino: Trustee (June 1990 to present) and Corporate Secretary (February 1998 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Member, Board of Directors, FERN Realty Corporation; Corporate Secretary and Trustee, Nicanor Reyes Educational Foundation, Inc.; Treasurer and Trustee, FEU Educational Foundation, Inc.; Corporate Secretary and Governor, Nicanor Reyes Memorial Foundation; Member, Executive Committee, Far Eastern University, Inc.; Corporate Secretary and Director, Far Eastern College Silang, Inc. and Chair, Board of Trustees, (up to April 9, 2015) and now Enrolled Member (April 10, 2015 to present) Ahon Sa Hirap, Inc.

Ms. Jose obtained her Bachelor of Science degree, major in Economics, from the University of the Philippines (Dean's Medal).



Paulino Y. Tan

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

Other Business Experience: President of Asia Pacific College; At present, Member of the Board of Directors/ Trustees of the following companies: Nicanor Reyes Educational Foundation, Inc., FEU Educational Foundation, Inc., East Asia Educational Foundation, Inc., Lyceum of Batangas, Lyceum of Laguna, SM (Shoemart) Foundation, Inc., Asia Pacific Technology Educational Foundation, FERN Realty Corporation, and Far Eastern College Silang, Inc.

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



Antonio R. Montinola

62, Filipino: Trustee (November 2013 to present), Far Eastern University, Inc.

Corporate Affiliations: President and Director Southwestern Cement Ventures, Inc.; Director, Round Royal, Inc.; Vice-Chair & Director, AMON Trading Corporation; President & Director, FERN Realty Corp.; President & Director, Monti-Rey, Inc.; President & Director, Juliana Management Co., Inc.

Sports Affiliations: Senior Board Member, University Athletic Association of the Philippines (UAAP); Team Manager, FEU Tamaraws; Member, Manila Golf Club; Member, Tagaytay Midlands Golf Club; Member, The Rockwell Club.

He worked with Procter & Gamble and Jardine Davies, Inc. in the Philippines and with General Mills Corp., based in Minneapolis, Minnesota, U.S.A.

Mr. Montinola holds an A. B. Economics degree (honors course) from Ateneo de Manila University (1973) and an MBA from Stanford University, Palo Alto, California, U.S.A. (1978).



Sherisa P. Nuesa

60, Filipino: Independent Trustee (August 2010 to present), Far Eastern University, Inc.

Her other affiliations include: President and Board Director, ALFM Mutual Funds Group. She is an Independent Director of: East Asia Educational Foundation, FERN Realty Corporation and ING Foundation, Inc. (Phils.). She is also an Independent Trustee of East Asia Computer Center, Inc., an Independent Governor of the FEU Health, Welfare and Retirement Fund Plan, a Trustee of Institute of Corporate Directors (ICD) and Integrity Initiative Foundation, a Consultant of Vicsal Development Corporation and a Board Member and Vice President of the Financial Executives Institute of the Philippines (FINEX).

She is also an Independent Director of Manila Water Company, a listed corporation.

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



Edilberto C. de Jesus

71, Filipino: Independent Trustee (August 2012 to present), Far Eastern University, Inc.

His other affiliations, among others, include: Member, Board of Directors, Cagayan de Oro College, Phinma Corp., and Philippine Reclamation Authority; Member, Board of Trustees, Philippine Normal University and Foundation for Liberty and Prosperity; Member, Makati Business Club Advisory Board and Philippine Business for Education; Fellow, Institute of Corporate Directors; Professor Emeritus, Asian Institute of Management, and Independent Trustee, Nicanor Reyes Educational Foundation, Inc.

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



Robert F. Kuan

67, Filipino: Independent Trustee (September 2004 to present), Far Eastern University, Inc.

Other Business Affiliations: Trustee, St. Luke's Medical Center, Quezon City (Chairman, 1996-2011), St. Luke's Medical Center, Global City, Inc. (Chairman, 2009-2011), St. Luke's College of Medicine-William H. Quasha Memorial, Brent International School of Manila and Brent International School Subic, Inc., and AIM Scientific Research Foundation, Inc.; Chairman, Brent International School Baguio, Inc., Brent Schools, Inc., Towers Watson Insurance Brokers Philippines, Inc. and St. Theodore of Tarsus Hospital in Sagada, Inc.; Independent Director, China Bank Savings, Inc., Planters Development Bank, Far Eastern College Silang, Inc., and SEAOL Philippines, Inc.

He is also an Independent Director of China Banking Corporation, a listed corporation.

Mr. Kuan graduated from the University of the Philippines (1970) with a degree in Bachelor in Science in Business Administration. In 1975, he earned his Masters in Business Management from the Asian Institute of Management (AIM). In 1993, he took up the Top Management Program at AIM, a program exclusively for company Presidents and Chief Executive Officers. He was a TOFIL (The Outstanding Filipino) Awardee in 2003 in the field of Business & Entrepreneurship; Agora Awardee for Entrepreneurship and Triple-A Awardee of AIM; Outstanding Alumnus Awardee in the field of Business given by the Alumni Association of the University of the Philippines (UP) and Distinguished Alumnus Awardee given by the College of Business Administration of the University of the Philippines (UP).



CHAIRMAN'S MESSAGE

FAR EASTERN UNIVERSITY

On behalf of the Board of Directors of Far Eastern University, we would like to thank you all for supporting us through another progressive year for FEU.

Strategic Plan

We have formulated a 5 year Strategic Plan for FEU and highlights are as follows:

- Our vision is to be a university of choice in Asia, and our immediate goal is to be a “Top Five” University in the Philippines.
- We provide Value Education for our students by offering affordable tuition, quality education, and a conducive learning environment.
- Our main aim for our students is to produce Employable Graduates who are critical thinkers, English proficient, technologically enabled, and who significantly exceed national averages in licensure examinations and place in the top percentile in some of them. We have a Cultural and Sports programs that enhance our students’ campus experience.
- We offer Meaningful Careers for our Faculty and our Administrative staff. We actively promote from within, recruit promising individuals, pay competitive wages, and invest in staff training programs.
- We have increased our Research efforts, and we have formed a Public Policy Center to discuss national issues.
- We believe in professionals to handle management jobs, and we will continue a business model that keeps FEU financially sustainable and among the Top 50 listed Philippine companies from a Corporate Governance point of view.

Financial Results

Consolidated Revenues grew by 13.5% to PHP2.78B. Consolidated Expenses likewise increased but at a much lower rate of 9.5% to PHP1.77B. As a result Educational Income increased by 21.3 % and Net Income after other contributions closed at PHP1.08B or a 19.4% increase over the previous year.

Enrollment grew by 4% primarily as a result of the operation of the newest school in the FEU Group, FEU Institute of Technology. A total of 2,890 students were enrolled for the first trimester and had the distinction of being the first batch to occupy the purposely built brand new 16-storey facility. FEU Cavite likewise contributed to revenue growth, breaking the 1,000 student population

level for the first time and establishing itself as a significant educational institution in their area.

School budgets and expenses in particular, are crafted together with Academic Managers to ensure resource availability in the achievement of greater academic standards and delivery. We are pleased to report that expenses were efficiently utilized across all school units. Start-up expenses of the newest school FEU Institute of Technology were kept to a minimum. Consumption of light and power for FEU Main, the unit with the greatest number of students, decreased by 10% due to previous and ongoing investments in energy saving equipment and practices. FEU Cavite, on the other hand, exhibited a greater expense increase versus revenue on account of the investments made in personnel critical to the future growth of the school.

On a consolidated asset level of PHP9B, Return on Assets is 12%. Equity level is PHP7.5B resulting in a Return on Equity of 14%.

Our re-investment or plowback rate has remained significant. This has allowed us to make substantial improvements in facilities, safety and security each year. The major achievement in SY 2014–2015 was the completion of the 16-storey building for the FEU Institute of Technology located a block away from the main campus. This building houses the Engineering and IT students and was architecturally developed to provide a campus-like feel within the building confines.

Academic Improvements

Our President, Dr. Michael Alba, will focus on Academic Matters in his yearly President’s Report.

We are pleased to report significant progress in working to retain our Autonomous University Status, applying for several Centers of Development and Excellence, and improving our recruitment and training of Faculty.

Our students’ scores in licensure exams generally exceed national averages, our Industry-Academe gap interventions are paying off, and a Job Street survey ranks FEU students among the Top Six most preferred schools for prospective employees. We have two schools (FEU Institute of Technology and FEU Cavite) with 95% student graduate employability.

As timely preparation for ASEAN 2016, FEU's Institute of Tourism and Hotel Management recently received an international pre-accreditation from the Australia-based THE-ICE (Institute of Center of Excellence) in Tourism and Hospitality Education. FEU is now an Associate of the ICE association, and two hospitality programs, Bachelor in Science in Tourism Management and Bachelor of Science in Hotel and Restaurant Management are pre-accredited for 3 years.

Student Accomplishments

We have one student in the TOSP National (Top Outstanding Students of the Philippines ranks); we have the best University Culture program; and we have competitive sports teams, inclusive of a double treble in the UAAP Football championships. Two of our students and a number of alumni likewise earned gold, silver and bronze medals in the recent SEAG sports events. Another two won gold medals in the World Schools Chess Championships.



Dr. Miguel M. Carpio, Mrs. Silvestre (mother), Mr. Jose Lemuel Capellan Silvestre, Dr. Ma. Teresa Trinidad P. Tinio and Mr. Joeven R. Castro

A number of our graduates placed in the Top Ten in the last licensure exams specifically in the Architecture Board, Licensure Examination for Teachers, Nurse Licensure Examinations, Electronics Engineering Licensure Examination, Civil Engineering Licensure Examination and Electrical Engineering Licensure Examination.

For the first time ever, our Institute of Law won the right to represent the Philippines in the prestigious Philip C. Jessup International Moot Court Competition last April in Washington D.C. Our Dance Troupe was invited to the Competition in Cheonan-si, Chungnam, Korea for the Cheonan World Dance Festival 2015. Our Drum & Bugle Corp



Interactive Classroom

will represent the Philippines in the Jember open marching competition in September in Jember East Java, Indonesia.

Facilities Improvement

Facilities improvement works continued on the main campus as well with the retrofit and renovation of the Science building and the 2 buildings formerly used by FEU Institute of Technology (FIT) students but now converted to be the central IT server room and academic laboratories.

We expect even greater power consumption efficiency in the coming periods as additional air conditioning chillers will soon be energized. This includes a looped chilled water piping system that will connect all buildings to the central chiller plants.

Security and safety of the students are continuously evaluated and CCTV Cameras have been added at strategic locations.

Our renovation work to keep the main campus at par with our newest structures within the group been favorably noticed by students and returning alumni alike.

Community Service and Extension Programs

FEU's Corporate Social Responsibility (CSR) flagship projects include the Save the Tamaraws Project or Tams2, a partnership with FEU, Worldwide Wildlife Fund (WWF) and The Department of Environment and Natural Resources (DENR). This is an intervention program for the conservation of the endangered tamaraws which started in May 2005. Working closely with the Tamaraw Conservation Program, WWF aims to double the population of this species by 2020. As of April 2014, a total number of 382 Tamaraws was recorded, an increase of 37 from 2013.

To help transform lives and improve the socio-economic conditions of law violators, FEU's Institutes have continuously contributed their resources by conducting livelihood and small-scale business lectures and sessions on personality development and healing therapy for inmates of the Bureau of Jail Management and Penology (BJMP). The residents of Gawad Kalinga were also treated to a series of entrepreneurship seminars and livelihood programs, including training to become chefs.

FEU has also partnered with Hands on Manila for Servathon 2014, with Ancop Child Scholars programs, with Gota de Leche feeding projects, and with Bridgada Eskwela for community projects.

Corporate Governance

FEU continues to espouse best practices and is "ranked among the Top 50 Philippine Corporations in Corporate Governance."

All our directors and key officers annually attend a Security Exchange Commission sponsored seminar on corporate governance.



Mr. Jefferson S. Aquino, Ms. Melinda G. Macaraig & Mr. Avelino D. Palupit of Human Resource and Development



Brigada Eskwela

Looking Forward

On a sad note, I would like to posthumously thank our progressive and courageous Vice President for Human Resources, Melinda G. Macaraig. She was a tower of strength, vision, and quiet execution in expanding the role of Human Resource Development in FEU.

K-12 and the ASEAN Economic integration are just around the corner in 2016, and we will be focusing on setting up Senior High Schools in FEU Main, Diliman and Cavite in time for a 2016 opening.

We thank our Board, our Management, our Faculty, our Employees, and you, our Shareholders and Stakeholders, for your support over the past year and in the years to come.

Aurelio Reyes Montinola III
Chairman, Board of Trustees



PRESIDENT'S REPORT

FAR EASTERN UNIVERSITY

In Academic Year (AY) 2014–2015, the Board of Trustees of Far Eastern University approved an institutional aspiration statement it had developed with the senior management team. In essence, the statement sets the high challenge that FEU be among the top five universities in the Philippines by 2020—an ambition that is further articulated in terms of the following objectives:

- a. provide quality higher education through industry-responsive and outcomes-based curricula, complemented by distinctive Research and Development programs in selected disciplines and public policy, which will open [to graduates] opportunities in careers that contribute to the economic development of the country;
- b. produce [as a result of (a)] graduates who can compete with their peers in the world of work both locally and globally—who have integrity and are capable in their professions or disciplines, hardworking, and good communicators with critical thinking skills; and
- c. deliver this educational mission with operational excellence and financial soundness.

Three pathways are identified for achieving these objectives:

- Regulatory excellence, which means that, both as a higher-education institution and in its academic programs, FEU exhibits the highest standards set by the Commission on Higher Education (CHED) and accrediting agencies;
- Relevant excellence, which sees to it that the FEU curriculum adequately prepares graduates for the world of work; and
- Adaptable excellence, which ensures that the FEU college experience empowers graduates with life skills that enable them to flourish in a fast-changing, globalizing world.

Finally, these pathways to different aspects of excellence are founded on three support structures: talent development, program and services development, and operational excellence in execution and streamlining.

The management team is currently in the process of crafting specific strategies under these support structures. An intriguing question, however, is: Even

now (i.e., before the strategies are formulated), what is the state of Far Eastern University if assessed by this institutional aspiration as the organizing principle?

In what follows, this report presents the programs and activities under each of these support structures that in turn facilitate FEU's achievement of the different facets of excellence.

Talent Development

A higher-education institution (HEI) can only be as good as its faculty and staff. It is therefore reassuring to note that there has been continuous improvement in their academic credentials. Specifically, in AY 2014–2015, 75 members of the faculty and 5 employees belonging to (academic and non-academic) support staff completed advanced academic degrees, earned international certifications, or passed licensure examinations. Moreover, 175 members of the teaching and academic support staff are pursuing graduate studies in disciplines aligned with their departmental affiliations.

Efforts were also underway for engendering a research culture. The University Research Center continued to conduct research mentoring seminars for the faculty. An ethics review committee was formed to evaluate faculty research applications. And a university research manual, which sets forth policies on research, was finalized.

To ensure that the faculty would be familiar with university policies and FEU's culture of teaching and service as well as updated on pedagogy (e.g., outcomes-based education and test construction and evaluation), the Teachers' Academy and a number of academic departments conducted seminars and workshops on these topics.



Symposium organized by University Research Center



For its part, the Human Resource and Development (HRD) office undertook activities that lay the groundwork for operational excellence in execution. It rationalized organization and staffing by standardizing and updating the organizational chart and headcount of FEU Manila, by assisting the HRD offices of the other FEU schools in the same task, and by filling up key posts throughout the FEU system of schools through recruitment or cross-posting. In addition, HRD continued to enhance the Human Resource Information System (HRIS) database by integrating timekeeping and payroll functions. As part of its usual functions, HRD has also been managing the benefits and rewards systems for faculty and staff as well as employee and labor relations. It continues to conduct competency-development programs for the staff as well.

Programs and Services Development

The quality of an HEI may be gleaned from its accreditation status as an institution as well as from those of its academic programs, the passing rates of graduates in professional licensure examinations, and the employability and career trajectories of alumni. Less formally, educational quality may be seen in institutional initiatives to improve standards and service delivery as well as in innovation efforts.

On institutional excellence (by regulatory standards), FEU can claim honor, being an autonomous university since July 2012 and by virtue of CHED's en banc Resolution 238-2015, which extended the validity of this status to December 31, 2015. Moreover, to ensure that it retains institutional autonomy even by the new and stricter criteria of CHED Memorandum Order 46 series of 2012, the University submitted itself to an Institutional Sustainability Assessment exercise, which CHED conducted in November 2014.

Academic Programs

Table 1 shows the current accreditation levels of FEU's academic programs. It indicates that the traditionally popular academic offerings have attained Level III status.

Table 1
The Accredited Programs of FEU Manila,
by Accreditation Status and Accrediting Agency

Program	Accreditation Status	Accrediting Agency
AB Mass Communication	Level III	PACUCOA
BS Business Administration	Level III	PACUCOA
Bachelor of Secondary Education	Level III	PACUCOA
Bachelor of Elementary Education	Level III	PACUCOA
BS Accountancy	Level III	PACUCOA
BS Biology	Level III	PACUCOA
BS Applied Mathematics with Information Technology	Level III	PACUCOA
BS Psychology	Level III	PACUCOA
MA Psychology	Level I	PACUCOA
MA Education	Level I	PACUCOA
Doctor of Education	Candidate	PACUCOA
AB English	Candidate	PACUCOA
AB Literature	Candidate	PACUCOA
AB Political Science	Candidate	PACUCOA
BS Hotel and Restaurant Management	Candidate	PACUCOA
BS Nursing	Level II	PAASCU

This achievement notwithstanding, FEU continues to be on a relentless march toward academic excellence. To this end, the Academic Development office has embarked on an aggressive schedule to increase the number of accredited programs and upgrade accreditation levels, as shown in Table 2.

Table 2
Schedule of Accreditation of
FEU Manila's Academic Programs

Program	Level Applied For	Schedule
BS Medical Technology	Consultancy Visit	April 13, 2015
AB International Studies	Consultancy Visit	April 13, 2015
BS Tourism Management	Consultancy Visit	April 13, 2015
Bachelor of Fine Arts	Consultancy Visit	April 13, 2015
BS Architecture	Preliminary Visit	July 30–31, 2015
AB English	Level I	July 30–31, 2015
AB Literature	Level I	July 30–31, 2015
AB Political Science	Level I	July 30–31, 2015
BS Hotel and Restaurant Management	Level I	July 30–31, 2015
AB Mass Communication	Level IV	September 11–13, 2015
BS Business Administration	Level IV	September 11–13, 2015
Bachelor of Secondary Education	Level IV	September 11–13, 2015
Bachelor of Elementary Education	Level IV	September 11–13, 2015
BS Accountancy	Level IV	September 11–13, 2015
BS Biology	Level IV	September 11–13, 2015
BS Applied Mathematics w/ Information Technology	Level IV	September 11–13, 2015
BS Psychology	Level IV	September 11–13, 2015
MA Psychology	Level II	May 2016
MA Education	Level II	May 2016
Doctor of Education	Level II	May 2016

In addition, the Institute of Tourism and Hotel Management (ITHM) applied for and received international accreditation for its BS Hotel and Restaurant Management and BS Tourism Management programs from the International Centre on Excellence in Tourism and Hospitality Education (THE-ICE Australia). This quality seal implies that ITHM's programs meet international standards—a much desired status in view of the coming ASEAN Economic Community.



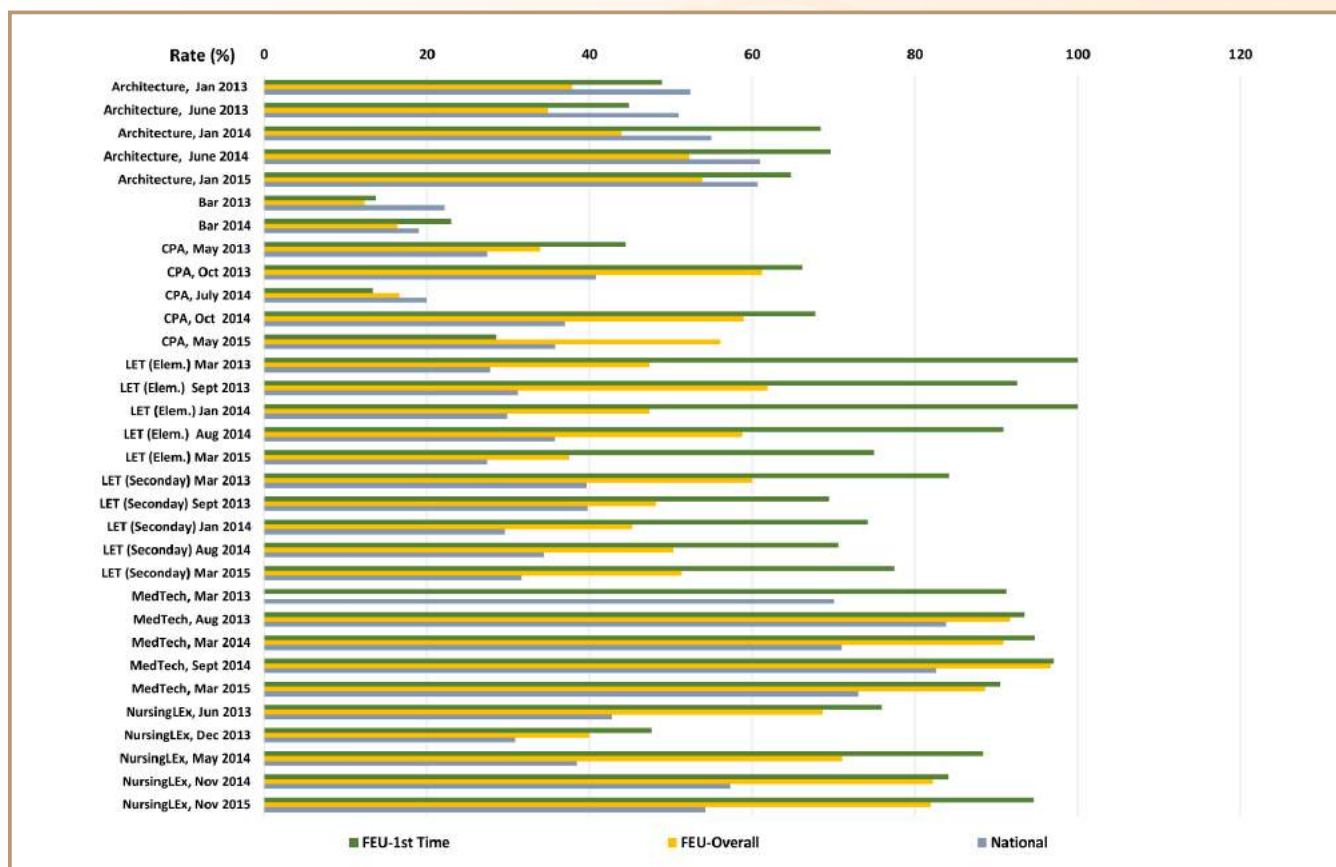
External accreditors evaluate FEU's documents for the Institutional Sustainability Assessment application.

On FEU's performance in professional licensure examinations, passing rates indicate a generally improving trend, as reported in Graph 1. Indeed, the BS Medical Technology program has received four consecutive awards for garnering passing rates that are among the highest nationally, while the BS Architecture program had topnotchers in recent examinations.

On other fronts, the University continues to innovate and keep up with education trends, thereby underscoring a commitment to relevant and adaptable excellence. A number of academic departments updated the curriculums of their programs based on new CHED (outcomes-based) templates to meet accreditation requirements and current professional and industry standards. These programs include:

- Bachelor of Arts in Communication
- Bachelor of Arts in the English Language
- Bachelor of Arts in Interdisciplinary Studies
- Bachelor of Arts in Literature
- Bachelor of Arts in Political Science
- Bachelor of Fine Arts major in Advertising Arts
- Bachelor of Fine Arts major in Painting
- Bachelor of Science in Biology
- Bachelor of Science in Accountancy
- Bachelor of Science in Applied Mathematics with Information Technology
- Bachelor of Science in Business Administration major in Business Management
- Bachelor of Science in Business Administration major in Financial Management
- Bachelor of Science in Business Administration major in Internal Auditing

Graph 1
Performance in latest Government Board Exams, 2013-2015



- Bachelor of Science in Business Administration major in Marketing Management
- Bachelor of Science in Hotel and Restaurant Management
- Bachelor of Science in Medical Technology
- Bachelor of Science in Nursing
- Bachelor of Science in Psychology
- Bachelor of Science in Tourism Management
- Master of Arts in Communication
- Master of Arts in Letters
- Master of Arts in Mass Communication
- Master of Arts in Psychology with Specialization in Clinical Psychology
- Master of Arts in Psychology with Specialization in Industrial Psychology
- Master of Science in Biology
- Doctor of Philosophy in Psychology, major in Clinical Psychology
- Doctor of Philosophy in Psychology, major in Forensic Psychology
- Doctor of Philosophy in Psychology, major in Industrial/Organizational Psychology

Recognizing that learning outcomes are at the core of the quality of education, FEU has also embarked on a major research undertaking to explore the impacts of the college experience on Filipino students. In AY 2014–2015, it initiated the College Freshmen Survey, which covered nine schools: Adamson University, Baliuag University, Centro Escolar University (Malolos, Makati, and Manila), Emilio Aguinaldo College (Cavite and Manila), Far Eastern University (Cavite, Diliman, Manila (with Makati), and the Institute of Technology), Jose Rizal University, Mapua Institute of Technology (Intramuros and Makati), National University, and Philippine Women's University. The student-respondents were asked about their high school backgrounds; the locations of their permanent residence; their parents' marital, economic, and education status; their living arrangements in college; the factors behind their school choice; what they hope to get from their college education; their educational and work aspirations; how frequently or rarely they engaged in particular activities; and the life goals they hold most dearly (among others). The initial survey results have been presented to different audiences, and the final report is currently being edited for publication as a monograph.

In the meantime, the 2015 version of the survey is being prepared, with more schools participating (including, among others, University of San Carlos (Cebu) and Xavier University (Cagayan de Oro)). The significant increase in coverage obviously confirms the importance of this research initiative. But it is a significant development for the education sector as well, because 2015 is the last chance for collecting data on College Freshmen who went through a ten-year basic education cycle. When the College Freshmen Survey is next implemented in 2018, the student-respondents will have gone through Grades 11 and 12. In effect, schools that participated in the 2014 and 2015 surveys will be able to compare what developmental difference Grades 11 and 12 had on their College Freshmen of 2018 and henceforth.

Two additional research initiatives set for implementation this year are the College Sophomore Survey and the critical-thinking study. The College Sophomore Survey intends to resurvey students in the Freshmen sample last year who should now be Sophomores. Asking them more or less the same questions and comparing their answers as Sophomores to those when they were Freshmen may provide glimpses of their development or maturation during the Freshman year.

In the case of the critical-thinking study, the idea is to take a random (and thus representative) sample of students in each year level and have them take a critical-thinking test. Differences in the average scores of two year levels, say, the fourth and first year, can then be inferred as the increase or decrease in the critical-thinking skills that Seniors possess over Freshmen.

The full value of this study, however, will be reaped starting next year, when the same students (except the Seniors who will have graduated) will be resurveyed. Differences in their individual test scores, which may be interpreted as the development of their critical thinking skills, can be analyzed in relation to factors such as subjects taken or pedagogical methods to which the students were exposed.

The findings in all these studies will be used not only to understand the college experience of Filipino students, but also to make the experience more effective and transformative.

In the meantime, the Academic Development office is studying for possible pilot testing an intervention program suggested in *Academically Adrift*—that critical-thinking skills are developed when students have at least one subject per semester that requires them to digest 40 pages of assigned reading per week and to write a 20-page term paper.

Student Development

A recent insight I've had is that education is an *experience good*. In other words, like a movie (which is another experience good), education is a good or service whose quality (or impact on the student/consumer) is not known at the outset.

An attribute of an experience good is that how it affects an individual consumer depends on the consumer's engagement with it. (Thus, a movie's impact depends on how attentively one watches it and how receptive one is to the movie's premises, perspectives, and narratives.) This implies that the more engaged a student is with the school's curricular and extracurricular offerings, the more transformative and life-changing his or her educational experience is likely to be.¹

Viewed from the vantage point of this insight, FEU is doing well in getting the students engaged via extracurricular offerings that promote a civic spirit and develop adaptability and life skills. In AY 2014–2015, student-development activities both complemented and enriched curricular endeavors by promoting service-leadership through volunteerism, the hope being that FEU students will become committed service-oriented citizens. Leaders of student organizations underwent immersions in outreach projects involving orphanages, public schools, and non-governmental organizations and attended seminars on various models of advocacy work. Perhaps more importantly because of their wider impact, half of the 59 student organizations implemented collaborative community projects.

In addition, various forums exposed students to a number of social issues. The Circles of Leadership Influence Program (CLIP) seminars deepened the students' understanding of such topics as the prospects for peace in Bangsamoro, living with persons with disabilities, disaster management, heritage conservation, arts and culture management, and the sociology of youth inactivity. The Nicanor Reyes Memorial Lecture Series



Job Fair

raised the student awareness of health-related issues. The titles of the lectures were: (a) Public Health Policy in the Philippines; (b) Threats of Ebola Outbreak: Abate ... Protect ... Survive; (c) Neglected Tropical Diseases in the Philippines; and (d) The Philippine Health Care Delivery System.

Furthermore, capability-building seminars were conducted on work attitudes, personal branding of leadership, human resources management trends, high-impact interview responses, disagreeing without being disagreeable, fund-raising strategies, and effective communication skills. And local and international off-campus engagements allowed students to interact with, and learn from, their peers in forums such as the media congress, the scholars' leadership symposium in Cambodia, the conference on biology education and research in a changing planet in Malaysia, and moot court competitions and debate tournaments. On the last set of activities, winning pride for their alma mater were Communication majors, One Carlo Diaz and Sunshine Mendoza, who won the first #SAGUPAAN: A Public Policy Debate Competition on Philippine Elections, and JD-MBA students, Marco Sana and Kaisey Elywill Paja, who won second in the Philippine round of the prestigious Philip C. Jessup International Law Moot Court Competition and because of their strong performance were invited to represent the Philippines in the international round, which was held in Washington, D.C., on April 5 to 11, 2015.

Partnerships and Placements

A key element in the vision of Nicanor Reyes Sr. was that his school would offer programs that opened rewarding careers for its graduates. This imperative is why alumni and partner firms are important segments of the FEU community and are the focus of the Alumni Relations and Placement Services (ARPS) office.

In AY 2014–2015, ARPS persisted in its efforts to organize the alumni by facilitating the formation and reorganization of various alumni groups. Membership in the Board of Trustees of the FEU Alumni Foundation was expanded to include Institute representation and a new Board was elected. ITHM being the youngest Institute, the FEU Tourism and Hotel and Restaurant Management Alumni Association was organized and its officers elected. A core group of Institute of Education (IE) alumni was formed to take the lead in reviving the IE Alumni Association.

To build up the alumni network, ARPS expanded the avenues for connecting with them. Using the alumni page of the FEU website as well as social media and email blasts, the office regularly disseminated information on alumni activities and job openings. It also launched the *Green and Gold: Online Alumni Newsletter* and developed an FEU-ARPS LinkedIn facility. In addition, it assisted various alumni groups in their bonding and homecoming activities. Perhaps as a result, it was able to significantly increase the number of alumni card holders and to continuously update the alumni database (which would enable FEU to conduct better tracer studies).

To offer better placement services for FEU students, fresh graduates, and alumni, ARPS reached out to industry partners as well. It increased the number of firms with whom FEU has a work-placement relationship and continuously updated the industry-partner database. It also installed the FEU RésuméLink online platform, which connects potential employers with FEU alumni, graduating students, and students looking for work and is used as a data source on the employment status of graduates (a key metric of relevant and adaptable excellence). Moreover, to expand the reach of RésuméLink, it partnered with Jobs180.com. Finally, it held two job fairs on the theme “Finding the Right Tams for the Right Job” and conducted placement learning sessions for students of IE.

Research and Linkages

As historically FEU has been more of a teaching university, research remains a work-in-progress. This said, the University has started to gear up its research efforts to be more than simply compliant with regulatory standards. In AY 2014–2015, the University Research Center (URC) spearheaded efforts to conceptualize research collaboration work with member schools of the U-Belt Consortium in order to secure funding from the Philippine Council for Industry and Energy Research and Development under the Department of Science and Technology.

Faculty members attended 197 conferences, 38 of which were international. Published papers included:

- Dungca, Antonette L., Luzelle Anne Gonzales L. Ormita, and Rommel P. Sergio. 2015. "The Demographic Variables and Emotional Intelligence as Correlates of Work Values: A Cross-cultural Examination towards Organizational Change." *Journal of Economics, Business and Management*. **3** (2): 167–75.
- Saldivar, Adelaida A. 2013. "Effectiveness of Course Management System in Teaching Computer Eastern University." *International Journal of Scientific & Engineering Research*. **4** (6): 382.
- Diestro Jr., Jose, Maria A., Carmelo L. Martinez, and, Madelene A. Sta. Maria. 2014. Typologies of Risk and Protection in the Lives of Filipino Street Children in Manila. *Youth & Society*. **46** (1): 112–131.
- Gella, Frederick S., Immanuel T. San Diego. 2014. The b-chromatic number of bistar graph. *Applied Mathematical Science*. **8**: 5769–5800.
- Artes Jr., Rosalio G., Frederick S. Gella. 2014. Clique cover of graphs. *Applied Mathematical Sciences*. **8**: 4301–4307.

In addition, the faculty of the Institute of Architecture and Fine Arts (IARFA) showed their creative works in an art exhibit themed "Sinners and Saints" at the Cultural Center of the Philippines from December 2014 to May 2015.

International linkages and research collaborations were also forged with Taylor's University, Malaysia; Amity University, India; Deakin University, Australia; Universiti Teknologi Malaysia (UTM); and National Institute of Education (NIE), Singapore.

Evidence of an emergent collaborative research culture has started to appear in the form of forums organized by various Institutes and offices. IARFA took the lead in putting together the Second National Conference on Urban Studies. Hosted by the University of San Carlos (USC) in Cebu on the theme "Urban Transitions: Spaces, Society, and Culture," the event was held on February 11 to 12, 2015, as an initial activity of the academic linkage between FEU and USC. IE, for its part, hosted a Symposium on Educational Leadership on February 7, 2015, with Dr. Goh Chor Boon, NIE Associate Dean, as speaker. And the URC organized a Symposium on Fostering Pro-Environmental Behavior towards a Culture of Sustainability on February 13, 2015, with Dr. Choong Weng Wai and Dr. Abdul Hakim Mohammed, both of UTM, as speakers.

In their individual capacities, faculty members also played various roles in the events of their professional societies. IARFA faculty participated as members of the organizing committee and as delegates in the United Architects of the Philippines Annual Convention from April 24 to 26, 2015.



Community Extension and Outreach Services

Being a resource for its host city and country is said to be the third function of a university, the first two being the conferral of academic degrees and the pushing the frontiers of knowledge through research (Barber, Donnelly, and Rizvi, 2013). The high-minded initiative of FEU on this front is Project TAMS2, a three-way partnership with World Wide Fund for Nature–Philippines and the Department of the Environment and Natural Resources to raise the numbers of the Tamaraw in Mindoro and thus save the indigenous species from extinction.

For various Institutes, Departments, and offices of FEU, community extension and outreach were a wide range of endeavors, including the National Service Training Program activities; cleaning up and preparing public schools for the opening of classes; conducting literacy, livelihood, and sports clinics; distributing school supplies to public school pupils; and helping in disaster-relief operations, among others.

For FEU faculty members, being a resource for the country took the form of serving as officers or members of the board of professional associations. (Please refer to the Appendices of the Report.) Moreover, two members of the Institute of Law faculty drafted the new articles and bylaws of the University Athletic Association of the Philippines as part of the initiative of the presidents of member schools to reorganize the league.

Community Extension and Outreach Services: FEU Public Policy Center

The FEU Public Policy Center (FPPC) is FEU's second institutional initiative to be a resource for the country—by taking a leadership role in clarifying important national issues. In AY 2014–2015, FPPC constituted its Board of Trustees, with former FEU President Edilberto de Jesus as President, Gianna Montinola as Corporate Secretary, Elizabeth Melchor and Augusto Villalon as members, and myself as Chair. It also adopted four themes as the focus of the Center's research and advocacy: Law and Business; Media, Technology, and Society; Urban Environment; and Education, Productivity, and Life Skills. A committee on each theme is being formed, composed of a chair who will set the directions of the theme and a coordinator who will manage the projects.

FPPC's policy and advocacy work during the past academic year consisted of its hosting two forums on high-profile issues: Chief Justice Artemio Panganiban gave a seminar on "Testing the Limits of the Constitution: The DAP Decision" on August 20, 2014, and Christian Monsod, Amina Rasul, and Emmanuel Bautista provided their variegated perspectives on "The Bangsamoro Initiative: What is the Price of Peace?" on February 24, 2014. And as this report is being written, the Center is preparing to hold a panel discussion on "Who is the Filipino Millennial?" on August 6, 2015, based on the College Freshmen Survey results.

Operational Excellence in Execution and Streamlining

The quality of a university's academic service delivery depends in some measure on how its academic support services are conducted. This section provides evidence of the comprehensiveness and quality of these services in FEU.

Admissions and Financial Assistance

The "front office" of FEU that handles student-applicants and oversees the scholarship grants, the Admissions and Financial Assistance (AFA) office conducted more articulation activities, using a variety of events and involving more faculty members. It also opened more testing centers in Luzon and Mindanao. Moreover, to increase the conversion rate of admitted applicants to first-time enrollees, the office hosted two events, articulation to parents and Make it FEU.

Anticipating the learning outcomes of the new basic education curriculum, AFA commissioned the development of a K-12-ready FEU College Admission Test as well, which is ready for implementation.

On scholarship grants to students, AFA rationalized and categorized the assistance programs into three types, namely, merit, need, and service, to clarify their different intents and improve their effectiveness. Based on this new set of schemes, AFA data indicate that 9% of the student population received some type of assistance in AY 2014–2015.



*The Bangsamoro Initiative: What is the Price of Peace?
with Ms. Amina Rasul Bernardo as guest speaker*

Guidance and Counseling

As may be expected in a quality academic institution, FEU's Guidance and Counseling office implemented a variety of programs and provided a plethora of services to keep the students on track in their academic work and prepare them for the world of work. These programs included: Academic Achievers Development, Academic Competence and Empowerment, Students-at-Risk, Peer Counseling, International Students' Empowerment, Drug Abuse Prevention, Athletics Counseling, Children of OFWs Support, Career Development. The services offered comprised student orientation, individual counseling, exit counseling, group counseling, academic counseling, career counseling, referral service, assessment and evaluation, and psychological consultation and follow up.

In addition, the office enhanced the e-résumé, online needs assessment, exit interviews, and the Students' Personnel Services Survey and Guidance Folder to improve its effectiveness. It also acquired new psychological tests for special target groups of students to strengthen the testing program and actively collaborated with the Institutes, academic services units, and external organizations to provide guidance as well as general counseling and career-counseling services to students, including athletes.

To disseminate information about its services, programs, and advocacies, the office published the *G&C Research Digest* and the *G&C Newsletter* and produced informative posters. Its head, Dr Sheila Hocson, also published *No to Bullying*, a handbook on how to handle the problem in schools.

Library

In an academic institution, well-stocked and updated library resources are a must. In AY 2014–2015, the University Library added 2926 titles and 3591 volumes of print materials as well as CDs, DVDs, and electronic books to its collection. It also renewed subscriptions to print journals, such as *Art and Architecture*, *Lippincott Nursing*, and various Filipiniana periodicals, and online journal databases such as EBSCO, JSTOR, and the Gale Virtual Research Library. In addition, it expanded the space for the law library in FEU Makati to support the fledgling JD program that is being started in that campus. Perhaps as a result of these developments, the number of registered users of library services increased to 995,246 (AY 2014–2015) from 132,830 (AY 2013–2014).

A special distinction gained by the Library during the last academic year was that its Special Collections section now has the permanent exhibit of National Artist (for Literature) Nick Joaquin's Works and World.

Education Technology

As outcomes-based and learner-centered theories of education have come to the fore, in effect changing the role of the teacher from being the subject expert to that of learning facilitator, technology-enabled modes of delivery have become more prevalent in an effort to make learning more efficient and effective under the new learning environment. In line with this development, FEU's Education Technology (EduTech) unit developed the Tamaraw Interactive Educational Service (TIES), a web-based learning management system that is intended to be the repository and platform of all the e-learning resources of the University.

To facilitate the shift from the traditional pedagogical modes to more outcomes-based and blended learning (or mixed mode) strategies, EduTech trained 423 faculty members on how to use TIES in October 2014. All have since uploaded their course syllabi and learning materials to TIES. Moreover, IN conducted all its comprehensive examinations using TIES. During the summer break, EduTech also conducted a 20-day intensive training workshop on mixed-mode instructional strategies for 25 faculty members to jumpstart the development of new learning modules.

President's Committee on Culture

A distinction that sets FEU apart from other HEIs is the mission to expose its students and the public at large to art and culture—a charge that in FEU has been given to the President's Committee on Culture (PCC) to spearhead. In AY 2014–2015, PCC's season included the following: Commissioned by the University, the FEU Theater Guild produced and mounted *Urbana at Felisa* as a highlight of the national conference on Fr. Modesto de Castro, 2014 being the 150th anniversary of both the proto-novel's publication and its author's passing. To inaugurate the University's recently restored Steinway grand piano, the PCC staged three concerts, each of which featured a topnotch U.S.-based Filipino pianist in the persons of Hiyas Hila, Jose Artemio Panganiban, and Carlos Ibay. The first two concerts were accompanied by the Metro Manila

Concert Orchestra with FEU Outstanding Alumnus Josefino Toledo as conductor, while the third had Cultural Center of the Philippines (CCP) President Dr. Raul Sunico playing the role of the orchestra from a second piano. The PCC also invited folk dance groups from Estonia and Indonesia to perform in FEU Manila as part of the Bayanihan National Folk Dance Company's annual Fiesta Folkloriada. The PCC's other activities included hosting a film series, a literary lecture, and two fashion shows featuring the works of students and alumni. For the third year, PCC also held the Summer Arts Camp in the FEU Manila campus.

An important function of the PCC is that it oversees five student cultural groups: the Bamboo Band, Chorale, Dance Company, Drum and Bugle Corps, and Theater Guild. In AY 2014–2015, these student groups brought the following distinctions to FEU: The FEU Dance Company won the National Folk Dance Competition in the CCP and were invited to the Cheonan World Folk Dance Competition, South Korea, in October 2015. The productions of the FEU Theater Guild brought in record-breaking audiences not only in FEU Manila but also in De La Salle University's College of St. Benilde, where they participated in the first Fringe Festival in Manila, and in the University of the Philippines, where they competed in Curtain Call and won in three categories.



In AY 2014–2015, FEU awarded through the PCC financial assistance for service to about 181 members of the five cultural groups.

Summary

In sum, Far Eastern University *is* among the top schools in the country, being an autonomous university. Specifically, this means that it offers an excellent college experience in which high-quality curricular programs buttressed by comprehensive academic support services are complemented and enriched by a wide variety of extracurricular student-development activities. Perhaps as a result, passing rates in professional licensure examinations are generally rising.

Moreover, in the higher-education sector, FEU is taking the lead in exploring the impacts of the college experience on Filipino students through its multi-school research initiative on learning outcomes and the College Freshmen Survey, in particular. Likewise, the FEU-URC has been given a leadership role in the U-Belt Research Consortium. In addition, linkages and research collaboration activities are increasing in number and expanding in scope. And research culture among faculty is taking hold.



On community extension and services, FEU's tamaraw advocacy is a perfect example of a university's being a resource for its host country. The project is of utmost importance for both the nation and the preservation of an endangered species—for the former because of the Tamaraw's place in the Filipino psyche and for the latter because of the universal concern for Nature.

Similarly, the FEU Public Policy Center underscores FEU's being of service to the nation through a policy advocacy on select themes.

Thus, the conclusion can only be: even ahead of the strategy formulation exercises, FEU is already well poised as a top university in the Philippines. The strategies can only further clarify the metrics of FEU's excellence as well as make it rise higher in the rankings of universities.

A Last Note: The FEU High School

Last year's Annual Report contained the following statement: "FEU is establishing a high school, not so much to mitigate the financial impact of a drastically reduced college population as to have a long-term stake in developing post-junior high school students over a period longer than the traditional four or five years of college."

At this writing, FEU High School, Inc., has submitted its application papers to the Department of Education for a permit to operate a senior high school. It is set to open its doors to incoming Grade 11 students starting AY 2016–2017 and will offer the Academic Tracks, which consists of the following strands: Science, Technology, Engineering, and Mathematics (STEM); Accountancy, Business, and Management (ABM); Humanities and Social Sciences (HUMSS); and the General Academic Strand (GAS).

FEU High School will provide affordable quality education and develop both affective traits and cognitive skills that prepare its students for college and for life. Its curriculum will be student-centered, competency-laden, and outcomes-based; its delivery methods technology-enabled, and its learning activities project-based. Great store will also be placed on values formation. In other words, it will be a senior high school that is uniquely FEU.

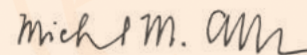
Note:

¹While I arrived at this insight independently, it turns out that it is not new to FEU. The founder Nicanor Reyes Sr. recognized it long ago in the following address to students: "All that we can do to help you is only half the process of training you. In the long run, the most important factor in your ... education will be how hard you yourselves work for that education."

References:

Arum, Richard, and Josipa Roksa. 2011. *Academically Adrift: Limited Learning on College Campuses*. Chicago: University of Chicago Press.

Barber, Michael, Katelyn Donnelly, and Saad Rizvi. 2013. "An Avalanche is Coming: Higher Education and the Revolution Ahead." Institute for Public Policy Research, London, U.K.



Dr. Michael M. Alba
President, Far Eastern University



Tamaraw Count
Mt. Iglit, Baco,
Occidental Mindoro
April 12 to 19, 2015

FINANCIAL HIGHLIGHTS





FAR EASTERN UNIVERSITY

P.O. BOX 609

MANILA, PHILIPPINES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

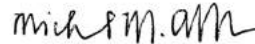
- Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedule of PFRS Effective as of March 31, 2015
- Schedule of Financial Indicators for March 31, 2015 and 2014
- Map Showing the Relationship 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, in its report to the Board of Trustees and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.


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


MICHAEL M. ALBA
President and Chief
Operating Officer

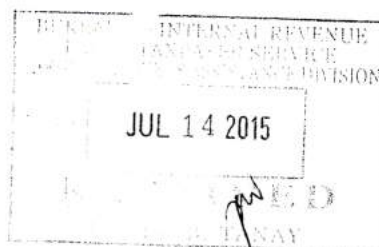

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

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

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

NOTARY PUBLIC

Doc. No. 301
Page No. 62
Book No. 711
Series of 2015.




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



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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 2 988 2288
F +63 2 886 5506
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 the accompanying consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2015, 2014 and 2013, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

PUNONGBAYAN & ARAULLO



By: **Christopher M. Ferarezza**
Partner

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

June 16, 2015

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

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

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

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

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

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

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

Notes		Attributable to Owners of the Parent Company						Non-controlling Interest	Total Equity
		Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Appropriated	Unappropriated	Total		
28	Balance at April 1, 2014	P 1,376,863,400	(P 3,733,100)	P 42,077,941	P 2,055,433,100	P 1,087,895,350	P 3,743,328,450	P 1,379,723,038	P 6,538,259,720
28	Transactions with owners	-	-	-	-	-	-	240,000,000	240,000,000
28	Issuance of shares of stock	-	(30,122,541)	-	-	-	-	-	(30,122,541)
28	Acquisition of treasury stock	274,572,000	-	-	-	(274,572,000)	(274,572,000)	-	-
28	Stock dividend	-	-	-	-	(362,345,808)	(362,345,808)	(36,117,570)	(398,463,378)
28	Cash dividends	-	-	-	-	-	-	(3,329,404)	(3,329,404)
28	Reduction in non-controlling interest	274,572,000	(30,122,541)	-	-	(436,917,808)	(636,917,808)	200,555,026	(191,915,323)
28	Appropriations of retained earnings	-	-	-	35,800,000	(35,800,000)	-	-	-
28	Appropriations for the period	-	-	-	(56,730,000)	56,730,000	-	-	-
28	Reversal of appropriations during the period	-	-	-	(20,930,000)	20,930,000	-	-	-
31	Total comprehensive income	-	-	-	-	1,028,067,513	1,028,067,513	40,194,783	1,078,162,296
31	Net profit for the year	-	-	94,323,590	-	-	-	-	94,323,590
31	Other comprehensive income	-	-	94,323,590	-	-	-	40,194,783	1,172,485,895
28	Balance at March 31, 2015	P 1,651,435,400	(P 33,855,641)	P 136,401,540	P 2,094,503,100	P 2,100,875,035	P 4,138,578,155	P 1,629,470,847	P 7,518,830,401
28	Balance at April 1, 2013	P 1,376,863,400	(P 3,733,100)	P 179,866,298	P 1,628,733,100	P 1,630,315,875	P 3,259,048,975	P 852,680,490	P 5,684,546,058
28	Transactions with owners	-	-	-	-	-	-	479,250,000	479,250,000
28	Issuance of shares of stock	-	-	-	-	(370,745,181)	(370,745,181)	-	(370,745,181)
28	Cash dividends	-	-	-	-	(370,745,181)	(370,745,181)	479,250,000	108,504,819
28	Appropriations of retained earnings	-	-	-	432,500,000	(432,500,000)	-	-	-
28	Appropriations for the year	-	-	-	(5,800,000)	5,800,000	-	-	-
28	Reversal of appropriations during the year	-	-	-	436,700,000	(436,700,000)	-	-	-
31	Total comprehensive income (loss)	-	-	-	-	855,024,656	855,024,656	47,792,548	902,817,204
31	Net profit for the year	-	-	(137,608,352)	-	-	-	-	(137,608,352)
31	Other comprehensive loss	-	-	(137,608,352)	-	-	-	47,792,548	765,208,852
28	Balance at March 31, 2014	P 1,376,863,400	(P 3,733,100)	P 42,077,941	P 2,055,433,100	P 1,087,895,350	P 3,743,328,450	P 1,379,723,038	P 6,538,259,720

Notes	Attributable to Owners of the Parent Company						
	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Retained Earnings		Non-controlling Interest	Total Equity
				Appropriated	Unappropriated		
25	P 1,376,863,400	(P 3,733,100)	P 83,549,498	P 1,718,503,100	P 1,069,868,922	P 481,302,556	P 4,726,354,376
25	-	-	-	-	-	280,750,000	280,750,000
25	-	-	-	-	(329,551,272)	-	(329,551,272)
	-	-	-	-	(329,551,272)	280,750,000	(48,801,272)
25	-	-	-	120,230,000	(120,230,000)	-	-
25	-	-	-	(210,000,000)	210,000,000	-	-
	-	-	-	(80,770,000)	89,770,000	-	-
31	-	-	-	-	80,228,225	90,627,934	890,856,159
	-	-	96,136,795	-	-	-	96,136,795
	-	-	96,136,795	-	80,228,225	90,627,934	986,992,954
25	P 1,376,863,400	(P 3,733,100)	P 179,886,293	P 1,628,733,100	P 1,650,315,875	P 852,650,400	P 5,664,546,058

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

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

Forward

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

Supplemental Information on Noncash Investing and Financing Activities:

- 1) In 2015, 2014 and 2013, the University declared cash dividends totaling P362.3 million, P370.7 million and P329.6 million, respectively, of which, P6.0 million, P20.8 million and P17.5 million, respectively, were not paid in the year of declaration (see Notes 17 and 25).
- 2) In 2015 and 2014, certain assets amounting to P154.8 million and P12.9 million, respectively, were reclassified from the Property and Equipment account to the Investment Property account (see Notes 15 and 16).
- 3) In 2015, the University declared and issued stock dividend of P274.6 million (see Note 25).
- 4) In 2015, TMC - FRC Sports Performance and Physical Medicine Center, Inc. (SPARC) was deconsolidated (see Note 1).
- 5) In 2014 and 2013, the Group capitalized borrowing costs amounting to P30.7 million and P7.6 million, respectively (see Note 15).

THE FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
Financial Soundness Indicators
March 31, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current / liquidity ratio	2.51	4.80	5.93
Quick ratio	2.36	4.45	5.64
Debt-to-equity ratio	0.21	0.23	0.24
Debt-to-asset ratio	0.17	0.19	0.19
Equity-to-asset ratio	0.83	0.81	0.81
Return on assets	12%	11%	13%
Return on equity	14%	14%	16%
Earnings per share	P 62.48	P 51.89 *	P 48.57 *

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

LIQUIDITY RATIOS measures the Group's ability to pay its short-term liabilities as these fall due.

Current ratio - current assets divided by current liabilities

Quick ratio - quick assets (cash and cash equivalents, marketable securities and accounts receivables) divided by current liabilities

SOLVENCY RATIOS measures the Group's ability to pay all its liabilities, both current and non-current, over a longer time horizon.

Debt-to-equity ratio - total liabilities divided by total stockholders' equity

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

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

TEST OF PROFITABILITY refers to the Group's earning capacity. This includes the Group's ability to earn reasonable amount of income in relation to total investment.

Return on assets - net income divided by average total assets

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

Earnings per share - net income divided by outstanding common shares



*Part of Wreath Laying Ceremony of the 87th Founding Anniversary.
Atty. Gianna R. Montinola, Mr. Aurelio R. Montinola III, and Dr. Lourdes R. Montinola*



Four Waves of Transition

B O O K L A U N C H

The title “Four Waves of Transition” was conceived because the personalities in these four volumes are like waves of change and growth which characterize their time of service to Far Eastern University. While each individual has a different story to tell, a common thread runs through their narratives: an unstinting service to FEU. This, they all did with passion, imagination, and generosity. Especially unwavering was the commitment of former Chair of the FEU Board of Trustees, now Chair Emeritus, Dr. Lourdes R. Montinola. She was the steadfast and constant anchor that ensured the continuity from one president to the next. Under her watch, she guided and supported three FEU presidents—Dr. Felixberto Sta. Maria, Dr. Edilberto De Jesus, and Dr. Lydia Echaz—who all demonstrated their distinct influence and left legacies that sustained and strengthened the academic phenomenon that is Far Eastern University.

- Dr. Miguel M. Carpio



URBANA AT FELIZA

September 6, 2014 • Naic, Cavite, Philippines

BANCHETTO 3

January 23, 2015 • FEU Grounds, Manila





Dr. Michael M. Alba, Dr. Lourdes R. Montinola,
Ms. Ma. Rosario Joaquin Villegas (niece of Nick Joaquin)
and husband Bing Villegas

NICK JOAQUIN EXHIBIT

January 22, 2015 • Library, Nicanor Reyes Hall, Far Eastern University

INAUGURATION FEU INSTITUTE OF TECHNOLOGY

FEU Institute of Technology, P. Paredes St., Sampaloc, Manila





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Ms. Gemma Cruz-Araneta



*Associate Justice Marvic Mario
Victor F. Leonen*

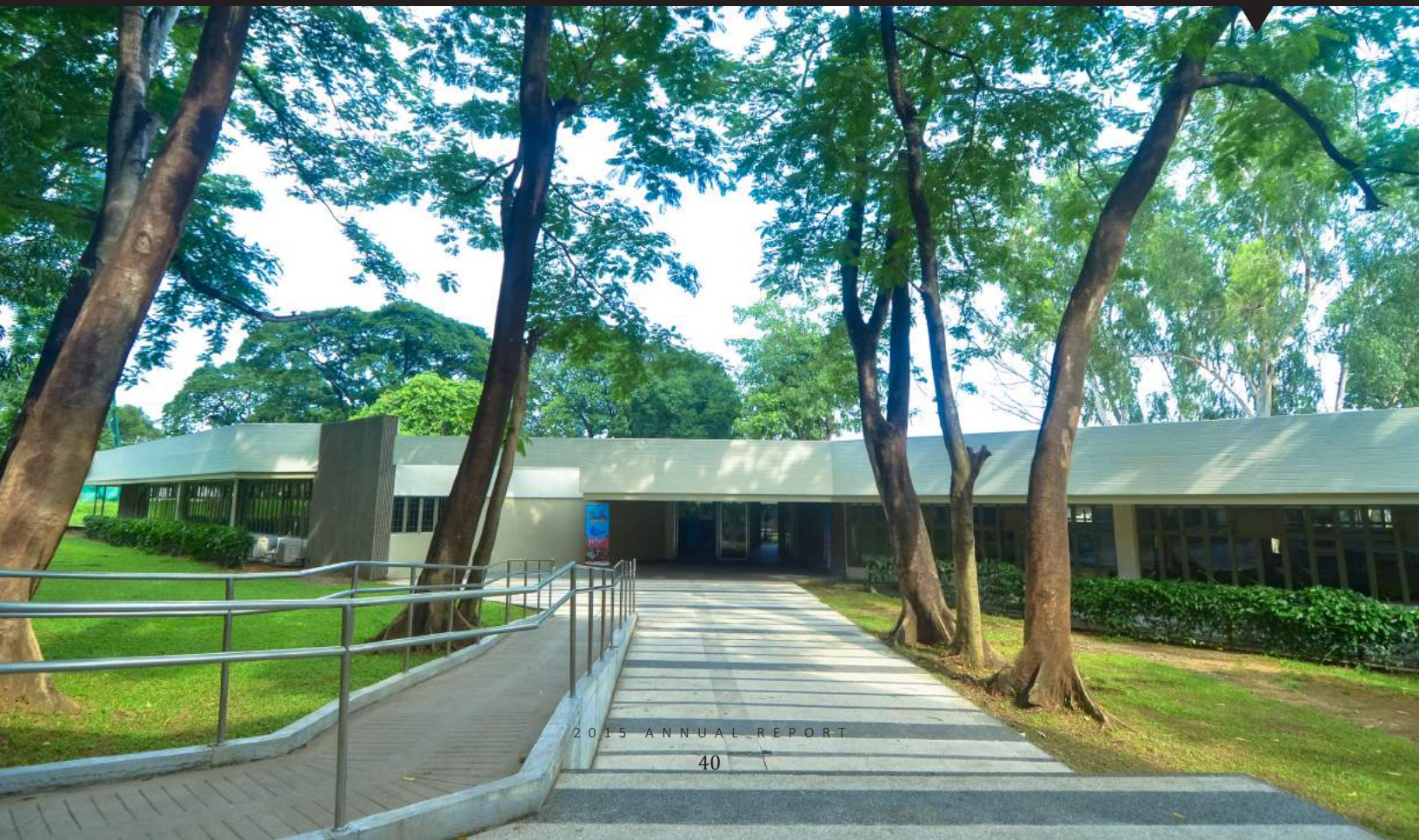


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FEU DILIMAN ANNEX BUILDING

FEU Diliman, Sampaguita Ave, Quezon City





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Photos Zymon B. Bumatay
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Staff Iren dela Cruz-Briones
 Paolo O. Nora
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