



FAR EASTERN UNIVERSITY

Office of the Chairman, Board of Trustees

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 22, 2009, 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 23, 2008
4. Academic Report of the President
5. Approval of the Annual Report of the Chairman
6. Ratification and Confirmation of the following:
 - a. Amendment of Article I of the Articles of Incorporation from:
FIRST. That the name of said corporation shall be –
THE FAR EASTERN UNIVERSITY, INCORPORATED.
to henceforth read as follows:
FIRST. That the name of said corporation shall be –
FAR EASTERN UNIVERSITY, INCORPORATED doing business under
the name and style FAR EASTERN UNIVERSITY
 - b. Actions of the Board of Trustees in the furtherance of the matters covered
by the Annual Report
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 July 31 to August 21, 2009, both dates inclusive, in accordance with Section XXXI of the By-Laws. All proxies must be in the hands of the Secretary for inspection and record at least twenty-four (24) hours before the time set for the meeting (not later than 3:00 p.m. August 21, 2009) as required by 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. 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.


ANGELINE P. JOSE
Corporate Secretary

Manila
July 16, 2009

SEC FORM 20-IS
Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the Appropriate Box:

Preliminary Information Statement

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 22, 2009
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: **July 31, 2009**
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 : **9,808,448**
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.

b. Record Date: All stockholders of record as of July 31, 2009 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, 2009)

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	784,800	8.0013
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	2,807,835	28.6267
Common	Sysmart Corporation ³ 10 th Fl., L.V. Locsin Bldg. 6752 Ayala Cor. Makati Ave. Makati City Stockholder	Sysmart Corporation	Domestic corporation	2,076,839	21.1740

¹Dr. Lourdes R. Montinola as President is authorized to vote for the shares of the Corporation.

²Ibid.

³Mr. 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, 2009)

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	94,555	D	0.9640
Common	Lydia B. Echauz Trustee/President	Filipino	5,919	D	0.0603
Common	Aurelio R. Montinola III Vice Chair, Board of Trustees	Filipino	164,099	D	1.6730
Common	Angelina Palanca Jose Trustee/Corporate Secretary	Filipino	312,694	D	3.1880
Common	Wilfrido C. Tecson Independent Trustee	Filipino	12	I	0.00012
Common	Paulino Y. Tan Trustee	Filipino	12	I	0.00012
Common	Gianna R. Montinola Trustee	Filipino	20,409	D	0.2081
Common	Renato L. Paras Trustee	Filipino	12	I	0.00012
Common	Robert F. Kuan Independent Trustee	Filipino	1	I	0.00001
Common	Elizabeth P. Melchor VP for Planning and Development	Filipino	17,862	D	0.1821
Common	Fe V. Canilao Chief Financial Officer	Filipino	20,997	D	0.2141
Common	Herminia I. Maliwat Treasurer	Filipino	56	D	0.00057
Common	Glenn Z. Nagal Comptroller	Filipino	404	D	0.0041

Security Ownership of Trustees and Management as a Group

Total Shares - 637,032
 Percentage - 6.4947%

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. Lydia B. Echaz
Ms. Angelina P. Jose
Dr. Paulino Y. Tan
Atty. Gianna R. Montinola
Dr. Renato L. Paras
Dr. Wilfrido C. Tecson (Independent Trustee)
Mr. Robert F. Kuan (Independent Trustee)

The Nomination Committee is chaired by Atty. Gianna R. Montinola. The members are: Dr. Paulino Y. Tan and Dr. Wilfrido C. Tecson (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, and one non-voting member.

The following have been nominated members to the Board of Trustees for fiscal year 2009 – 2010:

<u>Name</u>	<u>Ages</u>	<u>Citizenship</u>	<u>Position</u>
Lourdes R. Montinola	81	Filipino	Chair, Board of Trustees
Aurelio R. Montinola III	57	Filipino	Vice Chair, Board of Trustees
Lydia B. Echaz	61	Filipino	President/Trustee
Angelina P. Jose	56	Filipino	Corporate Secretary/Trustee
Paulino Y. Tan	62	Filipino	Trustee
Gianna R. Montinola	51	Filipino	Trustee
Renato L. Paras	82	Filipino	Trustee
Wilfrido C. Tecson	86	Filipino	Independent Trustee
Robert F. Kuan	60	Filipino	Independent Trustee

The aforementioned nominees were submitted to the Nominations Committee of the Far Eastern University by a shareholder, Dr. Elizabeth P. Melchor. Dr. Wilfrido C. Tecson and Mr. Robert F. Kuan, both incumbent trustees, are being nominated as Independent Trustees in compliance with the SRC Rule 38 (Requirements on Nomination and Election of Independent Directors). Dr. Elizabeth P. Melchor is not related to the nominees for Independent Trustees.

The term of office of a Trustee is one (1) year or until his/her successor is elected and qualified.

Brief Background of Trustees and Executive Officers:

1. Lourdes R. Montinola, 81, Filipino: Chair of the Board of Trustees of Far Eastern University, Inc. (June 1989 to present)

Other Corporate Affiliations: Chair, Board of Directors, FERN Realty Corporation; Chair and President, FEU Educational Foundation, Inc.; Chair, Nicanor Reyes Educational Foundation; Chair, Executive Committee, Far Eastern University, Inc.; Governor, Nicanor Reyes Memorial Foundation; Trustee, FEU-Dr. Nicanor Reyes Medical Foundation; Trustee, AY Foundation, Inc.; President, Seyrel Investment & Realty Corporation, and Desrey, Inc.; Member, Museum Foundation of the Philippines, Oriental Ceramic Society, Heritage Conservation Society, Asia Society, & Philippine Textile Society.

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

2. Aurelio Montinola III, 57, Filipino: Vice Chairman of the Board of Trustees, Far Eastern University, Inc. (June 1989 to present)

President and Chief Executive Officer of Bank of the Philippine Islands and President, Bankers Association of the Philippines. His other affiliations, among others, include: Chairman of the Board of Directors of Amon Trading Corporation; Vice Chairman of the Board of Directors of Republic Cement Corporation; Chairman of East Asia Educational Foundation, Inc.; Regional Board of Advisers, MasterCard International; Director, Ayala Land, Inc.; President, BPI Foundation, Inc.; Member, Makati Business Club; and Member, Management Association of the Philippines.

He graduated with a BS Management Engineering degree at the Ateneo de Manila University in 1973, and received his MBA at Harvard Business School in 1977.

3. Lydia B. Echauz, 61, Filipino: President (June 2003 to present) and Member of the Board of Trustees, Far Eastern University, Inc. (1999 to present)

Appointed Acting President of Far Eastern University in October 2002. At present she is President, FEU-East Asia College; President, FEU-FERN College; President, East Asia Educational Foundation, Inc.; Member, Board of Directors of FERN Realty Corporation; Governor, Nicanor Reyes Memorial Foundation; and Member, Executive Committee, Far Eastern University, Inc. She is immediate past President of the Association of Southeast Asian Institutes of Higher Learning – Philippine Council; Director of the Philippine Association of Colleges and Universities, and Member of the Management Association of the Philippines. She was Dean of the Graduate School of Business, De La Salle University Professional Schools, Inc., from September 1986 to May 2002; former Associate Director of the MBA program, Ateneo de Manila University Graduate School of Business for seven years; also Associate Professor of the College of Business Administration, University of the East, for twelve years.

Dr. Echauz is a Bachelor of Arts, major in Economics and Mathematics from St. Theresa's College, MBA from Ateneo de Manila University, and DBA from De La Salle University.

4. Angelina Palanca Jose, 56, Filipino: Trustee (1990 to present) and Corporate Secretary, Far Eastern University, Inc. (1998 to present)

Other Corporate Affiliations: Member, Board of Directors, FERN Realty Corporation; Secretary, Treasurer and Trustee, Nicanor Reyes Educational Foundation; Corporate Secretary and Trustee, FEU Educational Foundation Inc.; Corporate Secretary and Governor, Nicanor Reyes Memorial Foundation; and member, Executive Committee, Far Eastern University, 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, 63, 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, and FERN Realty Corporation.

Dr. Tan obtained the Degree of Bachelor in Science in Chemical Engineering (*summa cum laude*) from De La Salle University. He topped the Chemical Engineering Board Examination and 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, 51, Filipino: Trustee of Far Eastern University, Inc. (1989-1993 and 1996 to present)

Concurrently Director and Corporate Secretary of FERN Realty Corporation and Consultant for Marketing and Communications of Far Eastern University. A lawyer by profession, she was connected with the Quisumbing, Torres and Evangelista Law Office (an affiliate of the Baker & McKenzie Law Office, U.S.A.) from 1986 to 1992. She served as Philippine Honorary Consul to the Republic of Peru from 1992 to 1996, and joined the Marketing and Business Development departments of Rockwell Land Corporation from 1996 to 1998. She is a member of the Board of Directors and Corporate Secretary of Amon Trading Corporation and a Director True Value Hardware Corporation. She is also a co-founder and member of the Board of Trustees of Hands On Manila Foundation, Inc.

She obtained her Bachelor of Arts degree in International Relations from Mount Holyoke College, USA and a Bachelor of Laws (L.I.B.) degree, with honors, from the Ateneo de Manila College of Law.

7. Renato L. Paras, 83, Filipino: Trustee of Far Eastern University, Inc. (1989-1991 and 2002 to present)

Other Corporate Affiliations: Chair of CHEMREZ Technologies and of Philippine Ratings; Vice Chair of CIBI Foundation and East Asia Educational Foundation, Inc. He is also a member of the Board of Directors/Trustees of the following: FERN Realty Corporation, CIBI Information, Inc., Insular Life Health Care, IBM Philippines Retirement Fund Committee and is Asia Pacific Regional Treasurer of the World Organization of Scout Movement. Dr. Paras was a member of the Central Bank Monetary Board, was also Board Director and CFO of Procter & Gamble Philippines, and Consultant on Internal Auditing to CFO of San Miguel Corporation.

Dr. Paras is a Certified Public Accountant. He topped the CPA Board Exam in 1948. He finished his Bachelor of Science in Accountancy in FEU in 1949 (*summa cum laude*), and earned his Master of Science in Accountancy at Columbia University in New York as an FEU scholar. He took up an Advanced Management Program conducted by the Harvard Graduate School of Business Faculty. In the year 2000, he was conferred an honorary degree of Doctor of Humanities by FEU. He is listed in the Accountancy Hall of Fame.

8. Wilfrido C. Tecson, 86, Filipino: Trustee (1989-2001) and Independent Trustee, Far Eastern University, Inc. (2001 to present)

Banking Experience: Co-founded Solid Bank and assumed positions of President, CEO and Vice Chairman until he retired; served as Vice President of China Banking Corporation and as President and Vice Chairman of Equitable Banking Corporation. At present, he is a Director of the Lepanto Mining Corporation. He is founding Treasurer of the Hero Foundation, Inc. and the Museong Pambata, and is a member of the Board of Trustees of the YMCA.

Dr. Tecson graduated with the degree of Bachelor of Science in Commerce, major in Accounting (*summa cum laude*) from FEU, and was conferred the degree of Doctor of Business Management (*honoris causa*) by FEU in 1993.

9. Robert F. Kuan, 60, Filipino: Independent Trustee of Far Eastern University, Inc. (2004 to present)

Other Business Affiliations: Chairman, St. Luke's Medical Center; Trustee, St. Luke's College of Medicine–William H. Quasha Memorial; Trustee, BRENT International School of Manila; Director, China Banking Corporation; Founder/President, Chowking Food Corporation (1985 – 2000).

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; Triple-A Awardee of AIM; and Outstanding Alumnus of the University of the Philippines (UP) in the field of Business.

10. Elizabeth P. Melchor, 52, Filipino: Vice-President for Planning and Development, Far Eastern University, Inc. (April 2008 to present)

Other Professional Experience: Trustee, FEU-Nicanor Reyes Medical Foundation; Governor, Nicanor Reyes Memorial Foundation; Trustee, East Asia Educational Foundation, Inc.; Vice-President, Alejandro Melchor Jr. Memorial Foundation; Trustee and Officer, Cradle of Joy Learning Center; Member, Commission on Tertiary Education, Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU); Dean, Registrar and Outstanding Teacher Awardee, Assumption College, Makati; Visiting Professor, Huaqiao University, Quanzhou, China; Scholar, Beijing Language Institute, Chapter Head, Haggai Institute of Advanced Leadership; Vice President for Academic Affairs, Far Eastern University, Inc. (2004 to 2008).

Dr. Melchor holds a Bachelor of Science degree, major in Physics (College Scholar), and a Master of Science, major in Physics, from the University of the Philippines, Diliman. She earned her doctorate degree in Education from the California Coast University in Santa Ana, California, U.S.A.

11. Miguel M. Carpio, 54, Filipino: Acting Vice-President for Academic Affairs, Far Eastern University, Inc. (April 2008 to present)

Other Professional Experience: Founding member and incorporator, UST College of Architecture Alumni Association and the Council of Architectural Researchers and Educators; Chairman, CHED Technical Committee on Architecture and Member, Regional Assessment Team for Architecture; Fellow, United Architects of the Philippines (UAP); Director, UAP Sta. Mesa Chapter; Member, Philippine Institute of Environmental Planners; Executive Director, Commission on Education of the UAP (2002 to 2004); President of the Council of Deans and Heads of Architecture Schools in the Philippines or CODHASP (2003 to 2005); Secretary, National Committee on Architecture and Allied Arts of the National Commission on Culture and the Arts (NCCA) (2003 to 2007); Member, National Real Estate Association, Inc.; Dean, FEU Institute of Architecture and Fine Arts (November 2000 to March 2008); Executive Director, FEU Center for Studies on the Urban Environment or FEU-SURE (2000 to 2002).

Arch./En.P. Carpio is a registered and licensed Architect and Environmental Planner. He graduated with the degree of Bachelor of Science in Architecture from the University of Santo Tomas and earned a Master of Environmental Management and Development degree from the Australian National University in Canberra, Australia. He also earned academic units in the Master in Urban and Regional Planning from the University of the Philippines. He is currently working on his dissertation in the Ph.D. in Development Studies at the University of Santo Tomas.

12. Fe V. Canilao, 63, Filipino: Chief Financial Officer, Far Eastern University, Inc. (1996 to present)

Other Business Experience: Served as Vice President for Finance prior to her current position. At present, Vice President of FERN Realty Corporation; Alternate Member, Executive Committee, and Investor Relations Officer, Far Eastern University, Inc.; Trustee and Treasurer, East Asia Educational Foundation, Inc.; Assistant Corporate Secretary, Nicanor Reyes Educational Foundation and the FEU Educational Foundation, Inc.

Ms. Canilao, a Certified Public Accountant, earned her Bachelor of Science in Business Administration from the Philippine Women's University and her MBA from FEU.

13. Herminia I. Maliwat, 60, Filipino: Treasurer, Far Eastern University, Inc. (January 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 8 years at the College of the Holy Spirit; as Administrative and Finance Officer for 16 years at the Asia Foundation; and as External Auditor for 10 years at the Mother Edelwina Educational Foundation. She also served as Executive Director of the FEU Educational Foundation for three years and as 2007-08 Committee Chairperson on special projects of the Philippine Institute of Certified Public Accountants (PICPA).

14. Glenn Z. Nagal, 51, Filipino: Comptroller, 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; 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.

15. Severino M. Garcia, 60, Filipino: Compliance Officer, Far Eastern University, Inc. (January 21, 2003 to present)

Former Assistant Vice President – Audit.

Mr. Garcia earned the degree of Bachelor of Science in Commerce, major in Accounting from FEU. A Certified Public Accountant, he worked in different companies as Auditor, Chief Accountant, Finance and Accounting Manager and Senior Financial Analyst.

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.

d. Certain Relationships and Related Transactions

During the last two (2) years, the corporation was never a party or proposed to be a party in any related transaction.

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 Trustee/President	- x -	- x -	- x -	- x -
Angelina P. Jose Trustee/Corporate Secretary	- x -	- x -	- x -	- x -
Fe V. Canilao Chief Financial Officer	- x -	- x -	- x -	- x -
Miguel M. Carpio VP-Academic Affairs	- x -	- x -	- x -	- x -
Elizabeth P. Melchor VP-Planning and Development	- x -	- x -	- x -	- x -
Herminia I. Maliwat Treasurer	- x -	- x -	- x -	- x -
Severino M. Garcia Compliance Officer	- x -	- x -	- x -	- x -
	2007-2008	₱34,155,384.21	₱ 14,983,394.18	- x -
	2008-2009	43,091,751.54	19,705,682.08	- x -
	2009-2010 (est.)	47,400,926.69	22,051,250.00	- x -

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, 2009. 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:

<u>External Auditor's Fee</u>	<u>2008 – 2009</u>
Audit of annual financial Statements	₱550,000.00 plus 12% VAT
Out of pocket expenses	₱82,500.00 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 Dr. Wilfrido C. Tecson, an Independent Trustee. The members are: Dr. Renato L. Paras, 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, 2009, including other services, is covered by the minutes of the meeting of the Audit Committee dated February 18, 2009.

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.

C. OTHER MATTERS

Action with Respect to Reports

Approval of the Annual Report for the fiscal year ending March 31, 2009

Other Proposed Actions

- a. Approval of the minutes of the Annual Stockholders' Meeting held on August 23, 2008 that includes the following:
 1. Minutes of Annual Meeting held on August 25, 2007
 2. Academic Report of the President, 2007 – 2008 and Annual Report of the Chair, 2007 – 2008
 3. Ratification and Confirmation of the following:
 - a. 40% stock dividend to stockholders on record as of September 15, 2008;
 - 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 2008 – 2009:

Dr. Lourdes R. Montinola
Mr. Aurelio R. Montinola III
Dr. Lydia B. Echauz
Ms. Angelina P. Jose
Dr. Paulino Y. Tan
Atty. Gianna R. Montinola
Dr. Renato L. Paras
Dr. Wilfrido C. Tecson (Independent Trustee)
Mr. Robert F. Kuan (Independent Trustee)

5. Appointment of Punongbayan and Araullo as External Auditor for the fiscal year 2008-2009;
 6. Vote of Appreciation
- b. Summary of resolutions approved by the Board of Trustees for the fiscal year 2008 – 2009:

1. Board of Trustees' meeting held on April 15, 2008:

Appointment of Dean Miguel M. Carpio as Acting Vice-President for Academic Affairs, vice Dr. Elizabeth P. Melchor, who likewise is appointed Acting Vice-President for Planning and Development.

2. Board of Trustees' meeting held on June 17, 2008:

Declaration of ₱15.00/share cash dividend on record as of July 7, 2008, payable on July 21, 2008.

3. Board of Trustees' meeting held on August 19, 2008:

Far Eastern University, Inc. associated itself with some of the members of its Board of Trustees, Dr. Lourdes R. Montinola, Chair; Mr. Aurelio R. Montinola III, Vice Chair; Dr. Lydia B. Echauz, Trustee; Ms. Angelina P. Jose, Trustee; Atty. Gianna R. Montinola, Trustee; Dr. Paulino Y. Tan, Trustee; Mr. Robert F. Kuan, Trustee and with Mr. Antonio R. Montinola, Consultant for Sports and Dr. Elizabeth P. Melchor, Vice President for Planning and Development to form and establish a new educational institution, the FAR EASTERN UNIVERSITY – SILANG, INC. with an authorized capital stock of One Hundred Million Pesos (₱100,000,000.00) divided into One Million (1,000,000) shares with a par value of ₱100.00 per share.

Far Eastern University be designated one of its incorporators with a subscribed capital stock of ₱6,249,100.00 equivalent to 62,491 shares of the paid-up capital stock of the new corporation.

4. Organizational Meeting of the Board of Trustees held on September 16, 2008:

Elected Corporate and University Officials for the fiscal year 2008-2009:

Dr.	Lourdes R. Montinola	-	Chair
Mr.	Aurelio R. Montinola III	-	Vice Chair
Dr.	Lydia B. Echauz	-	President
Ms.	Angelina P. Jose	-	Corporate Secretary
Ms.	Fe V. Canilao	-	Chief Financial Officer
Arch.	Miguel M. Carpio	-	Acting Vice President, Academic Affairs
Dr.	Elizabeth P. Melchor	-	Acting Vice President, Planning and Development
Ms.	Herminia I. Maliwat	-	Treasurer
Mr.	Glenn Z. Nagal	-	Comptroller
Mr.	Severino M. Garcia	-	Compliance Officer

Executive Committee

Dr.	Lourdes R. Montinola	-	Chair
Mr.	Aurelio R. Montinola III	-	Vice Chair
Dr.	Lydia B. Echauz	-	Member
Ms.	Angelina P. Jose	-	Member
Dr.	Paulino Y. Tan	-	Member
Ms.	Fe V. Canilao	-	Alternate member (in the absence of the Vice-Chair)

Audit Committee

Dr.	Wilfrido C. Tecson	-	Chair
Dr.	Renato L. Paras	-	Member
Mr.	Robert F. Kuan	-	Member
Dr.	Paulino Y. Tan	-	Alternate Member

Nomination Committee

Atty.	Gianna R. Montinola	-	Chair
Dr.	Paulino Y. Tan	-	Member
Dr.	Wilfrido C. Tecson	-	Member

Risk Management Committee

Mr.	Robert F. Kuan	-	Chair
Mr.	Aurelio R. Montinola III	-	Member
Dr.	Lydia B. Echauz	-	Member
Dr.	Elizabeth P. Melchor	-	Member
Ms.	Fe V. Canilao	-	Member

5. Board of Trustees' meeting held on December 16, 2008:

Declaration of ₱15.00/share cash dividend on record as of January 08, 2009, payable on January 22, 2009.

6. Board of Trustees' meeting held on March 17, 2009:

Amendment of Article 1 of the Articles of Incorporation of Far Eastern University from:

First. That the name of said corporation shall be –
The Far Eastern University, Incorporated

To henceforth read as follows:

First. That the name of said corporation shall be –
FAR EASTERN UNIVERSITY, INC. doing business under the name and style FAR EASTERN UNIVERSITY

7. Board of Trustees' meeting held on March 17, 2009

Designation of Atty. Gianna R. Montinola, Trustee, as Acting Corporate Secretary of the Corporation, for the duration of the leave of absence of Ms. Angelina P. Jose, Corporate Secretary, effective March 20, 2009.

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 22, 2009 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 23, 2008			
Academic Report of the President			
Annual Report of the Chairman			
Ratification and Confirmation of the following: 1. Amendment of Article I of the Articles of Incorporation from: FIRST. That the name of said corporation shall be – THE FAR EASTERN UNIVERSITY, INCORPORATED. to henceforth read as follows: FIRST. That the name of said corporation shall be – THE FAR EASTERN UNIVERSITY, INCORPORATED doing business under the name and style FAR EASTERN UNIVERSITY 2. Actions of the Board of Trustees in the furtherance of the matters covered by the Annual Report			
<u>Election of Trustees/Independent Trustees</u> <u>Nominees for Trustees:</u> Dr. Lourdes R. Montinola Dr. Lydia B. Echaz Mr. Aurelio R. Montinola III Mrs. Angelina P. Jose Dr. Paulino Y. Tan Atty. Gianna R. Montinola Dr. Renato L. Paras ____ For all nominees ____ Withhold Authority to Vote <u>Nominees for Independent Trustees:</u> Dr. Wilfrido C. Tecson Mr. Robert F. Kuan ____ 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 _____2009 at _____.

Signature of Stockholder/ Authorized Representative : _____

Printed Name of Signatory/Stockholder/ Authorized Representative : _____

Title of Signatory : _____
(For Corporate Stockholders)

Number of Shares : _____

WITNESSES

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 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 23, 2008;
- 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, 2009;
- c. ratification and confirmation of the following:
Amendment of Article I of the Articles of Incorporation from:
FIRST. That the name of said corporation shall be –
THE FAR EASTERN UNIVERSITY, INCORPORATED.
to henceforth read as follows:
FIRST. That the name of said corporation shall be –
FAR EASTERN UNIVERSITY, INCORPORATED
doing business under the name and style
FAR EASTERN UNIVERSITY
- c. election of Trustees/Independent Trustees;
- d. appointment of External Auditor;
- e. 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. WWW Express, the designated courier which will deliver the proxy statement has approximately 700 employees. It will charge a flat rate of ₱60.00 plus 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, 2009
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, 2009, 2008 and 2007 with accompanying notes to Financial Statements
8. Consolidated Financial Statements March 31, 2009, 2008 and 2007 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 committed to the highest intellectual, moral and cultural standards. It strives to produce principled and competent graduates. It nurtures a service-oriented community which seeks to contribute to the advancement of 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 laboratory, auditorium, audio-visual and multi-media 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 of 2006, the deregulated status was extended until the end of Second Semester, SY 2006-2007. Moreover, per CMO No. 59, Series of 2007, the University was granted the same status from November 15, 2007 to November 14, 2008. On January 22, 2009, through a Memorandum from the CHED Chairman, FEU's status was extended until April 30, 2009. Recently, a CHED letter addressed to President Lydia B. Echauz dated March 17, 2009 has extended the University's deregulated status for another five years that is from March 11, 2009 until March 30, 2014.

FEU-East Asia College

Effective First Trimester, SY 2003-2004, FEU re-aligned its College of Engineering with the East Asia Educational Foundation called the "FEU-East Asia College." It offers:

College of Engineering:

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

College of Computer Studies:

- B.S. Computer Science
- B.S. Information Technology

Certificate Course:

- Associate in Computer Technology (2 years)

The FEU-East Asia College aims to be a center of excellence in engineering and information technology, committed to produce competent and principled professionals who can significantly contribute to building the nation. It was chosen by the Commission on Higher Education (CHED) as the Center of Development for Excellence in IT Education in the year 2000, and was again named as the Center of Development for Information Technology in 2006.

NICANOR REYES EDUCATIONAL FOUNDATION, INC. (FEU-FERN Diliman)

Founded in 1994 to commemorate the birth centennial of Dr. Nicanor Reyes, Sr., founder and first president of Far Eastern University. It embodies the basic educational philosophy of Dr. Reyes who pioneered in expanding the Filipino youth's access to quality college education. He is credited with professionalizing the practice of accounting in the Philippines.

Grade School and High School

The Basic Education Department offering classes from Pre-Kindergarten to High School is committed to providing quality education in a safe and supportive environment that promotes self-discipline, motivation and excellence in learning.

College Courses

Bachelor of Science in Accountancy (BSA)
 Bachelor of Science in Business Administration
 Major in Financial Management
 Major in Legal Management
 Major in Operation Management
 Major in Marketing
 Bachelor of Science in Computer Science (BSCS)
 Bachelor of Science in Information Technology (BSIT)

FEU-FERN College espouses the ideals of the academic excellence and service to country. Thus the college commits itself to developing students to become professionals with exemplary integrity and work ethic in the fields of Business and Informational Technology.

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 2008 to June 2009:

2008	Actual prices (in Php)			Adjusted prices (in Php)*		
	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
Apr	920.00	910.00	920.00	657.14	650.00	657.14
May	1,000.00	900.00	1,000.00	714.29	642.86	714.29
Jun	1,000.00	940.00	1,000.00	714.29	671.43	714.29
Jul	1,200.00	900.00	980.00	857.14	642.86	700.00
Aug	1,300.00	980.00	1,290.00	928.57	700.00	921.43
Sep	1,290.00	750.00	800.00	921.43	750.00	800.00
Oct	755.00	500.00	575.00			
Nov	650.00	600.00	635.00			
Dec	645.00	620.00	620.00			
2009						
Jan	650.00	620.00	630.00			
Feb	650.00	620.00	620.00			
Mar	800.00	650.00	785.00			
Apr	785.00	735.00	750.00			
May	765.00	750.00	750.00			
Jun	775.00	750.00	775.00			

*due to 40% stock dividend on September 10, 2008

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

A) April 01, 2009 – June 30, 2009

<u>Period</u>		<u>High</u>		<u>Low</u>		<u>Close</u>
First Quarter	₱	775.00	₱	745.00	₱	758.33

B) April 01, 2008 - March 31, 2009

<u>Period</u>		<u>High</u>		<u>Low</u>		<u>Close</u>
First Quarter	₱	973.33	₱	916.67	₱	973.33
		695.24		654.76		695.24 (Adjusted)
Second “		1,263.33		876.67		1,023.33
		902.38		697.62		807.14 (Adjusted)
Third “		683.33		573.33		610.00
Fourth “		700.00		630.00		678.33

C) April 1, 2007 – March 31, 2008

<u>Period</u>		<u>High</u>		<u>Low</u>		<u>Close</u>
First Quarter	₱	835.00	₱	753.33	₱	821.67
Second “		870.00		831.67		870.00
Third “		845.00		803.33		813.33
Fourth “		923.33		853.33		906.67

Dividends:

Cash Dividend:

April 1, 2008 – March 31, 2009

<u>Payment/Issued Date</u>		<u>Particulars</u>		<u>Amount</u>		<u>Outstanding Shares</u>
April 24, 2008	₱	15.00/share	₱	105,095,520.00		7,006,368
July 21, 2008		15.00/share		105,095,520.00		7,006,368
Jan. 22, 2009		15.00/share		<u>147,126,720.00</u>		9,808,448
			₱	<u>357,317,760.00</u>		
				=====		

April 01, 2007 – March 31, 2008

<u>Payment/Issued Date</u>	<u>Particulars</u>	<u>Amount</u>	<u>Outstanding Shares</u>
July 23, 2007	₱ 15.00/share	₱ 105,095,520.00	7,006,368
Jan. 17, 2008	15.00/share	<u>105,095,520.00</u>	7,006,368
		₱ 210,191,040.00 =====	

Stock Dividend:

40% stock dividend approved by the Board of Trustees at its meeting held on March 25, 2008, to all stockholders on record as of September 15, 2008, duly ratified and confirmed by the stockholders with more than two-thirds (2/3) of the total issued and outstanding shares at its regular annual meeting on August 23, 2008. Said stock dividend was issued and released on October 9, 2008 after the listing of shares constituting the stock dividend was approved by the Philippine Stock Exchange, Inc. and the Securities and Exchange Commission.

All fractional shares resulting from said stock dividend shall be paid in cash by the Corporation at par value.

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 1,405 common stockholders holding a total of 9,808,448 outstanding shares as of June 30, 2009.

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	2,807,835 – D	Filipino	28.6267
2. Common	Sysmart Corporation	2,076,839 – D	Filipino	21.1740
3. Common	Desrey, Incorporated	784,800 – D	Filipino	8.0013
4. Common	Angelina D. Palanca	312,694 – D	Filipino	3.1880
5. Common	Sr. Victorina D. Palanca	220,000 – D	Filipino	2.2430
6. Common	ICM Sisters Phil. Mission Board, Inc.	215,000 – D	Filipino	2.1920
7. Common	Aurelio R. Montinola III	164,099 – D	Filipino	1.6730
8. Common	Marco P. Gutang	125,081 – D	Filipino	1.2752
9. Common	Gonzaga-Lopez Enterprises, Inc	120,136 – D	Filipino	1.2248
10. Common	PCD Nominee Corporation (Filipino)	117,239 – D	Filipino	1.1953
11. Common	Jomibel Agricultural Development Corporation	106,479 – D	Filipino	1.0856
12. Common	Lourdes R. Montinola	94,555 – D	Filipino	0.9640
13. Common	Amon Trading Corporation	58,403 – D	Filipino	0.5954
14. Common	ZARE, Inc.	49,620 – D	Filipino	0.5059
15. Common	Rosario P. Melchor	48,228 – D	Filipino	0.4917
16. Common	Rosario Panganiban Melchor	43,782 – D	Filipino	0.4464
17. Common	Mitos Sison	40,366 – D	Filipino	0.4115
18. Common	Conсорcia P. Reyes	39,337 – D	Filipino	0.4011
19. Common	Caridad I. Santos	33,303 – D	Filipino	0.3395
20. Common	Francisca S. Monzon	33,131 – D	Filipino	0.3378
	Total	7,490,927		76.3722

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

Financial Position :

As of March 31, 2006, total assets reached P2,230.1 million which was 27.59% higher than the previous year's P1,748 million while total liabilities amounted to P357.6 million which was 20.66% higher than the previous year's P296.4 million. Equity amounted to P1,872.5 million which was 29% higher than the previous year's P1,451.6 million. Current ratio was 4.77:1 and debt was 19% of equity.

As of March 31, 2007, total assets amounted to P2,710.8 million which was 21.55% higher than the previous year's P2,230.1 million. Total liabilities amounted to P398.9 million which was 11.5% higher than the previous year's P357.6 million. Equity amounted to P2,311.8 million which was 23.46% higher than the previous year's P1,872.5 million. Current ratio was 6.3:1 and debt was 17% of equity.

As of March 31, 2008 total assets amounted to P3,157.3 million. Total liabilities amounted to P572.0 million while total stockholders' equity reached P2,585.2 million. Compared to the previous year, assets, liabilities and stockholders' equity increased by 16.47%, 43.39% and 11.83 % respectively. Current ratio was 4.49:1 and debt was 22% of equity.

As of March 31, 2009, total assets amounted to P3,447.3 million which was 9.19% higher than the previous year's P3,157.3 million. Total liabilities amounted to P558.1 million which was 2.44% lower than the previous year's P572.0 million. Equity amounted to P2,889.2 million which was 11.76% higher than the previous year's P2,585.2 million. Current ratio was 4.89:1 and debt was 19% of equity.

For the last 4 years, total assets increased at an average rate of 18.7% or P424.8 million a year. Total liabilities also increased but at a lower average rate of 18.29% or P65.4 million a year while equity increased at an average rate of 19.01% or P359.4 million a year. The increase in assets was due to the increase in liabilities and stockholders' equity. The increase in liabilities was due to special funds and deposits collected from students which were intended for certain specific purposes. The increase in equity was due to the continuous positive results of operations for the past 4 years which exceeded cash dividends paid over the same period of time.

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

<u>Year</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Excess of Assets over Liabilities</u>
March 31, 2006	P 2,230.1	357.6	1,872.5
March 31, 2007	2,710.8	398.9	2,311.9
March 31, 2008	3,157.3	572.0	2,585.3
March 31, 2009	3,447.3	558.1	2,889.2

As of March 31, 2009, the company has P6.17 worth of assets to pay for every P1.00 worth of liability.

During the same period of time, the company's liquidity steadily improved as shown by the following statistics in million Pesos:

<u>Year</u>	<u>Current Assets</u>	<u>Current Liabilities</u>	<u>Excess of Current Assets over Current Liabilities</u>
March 31, 2006	P 1,297.5	271.8	1,025.7
March 31, 2007	1,829.7	294.2	1,535.5
March 31, 2008	2,228.7	495.9	1,732.8
March 31, 2009	2,443.8	499.6	1,944.2

As of March 31, 2009, the company has P4.89 worth of current assets to pay for every P1.00 worth of current liability.

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

<u>Year</u>	<u>Net Income (in million)</u>	<u>Cash Dividends Paid (in million)</u>	<u>%</u>	<u>Excess of Net Income over Cash Dividends Paid (in million)</u>	<u>%</u>
2005 - 2006	P 538.6	112.1	20.8%	426.5	79.2%
2006 - 2007	603.5	175.1	29%	428.4	71%
2007 - 2008	592.9	315.2	53.2%	277.7	46.8%
2008 - 2009	567.0	252.2	44.5%	314.8	55.5%

As a result and based on the above figures, around 63.12% of each year's net income has been retained by the company, thus, the steady increase in owners' equity as follows:

<u>Year</u>	<u>Owner's Equity (in million)</u>	<u>Increase (Decrease) (in million)</u>	<u>%</u>
	P1,451.6		
March 31, 2006	1,872.5	420.9	29.0%
March 31, 2007	2,311.9	439.4	23.5%
March 31, 2008	2,585.3	273.4	11.8%
March 31, 2009	2,889.2	303.9	11.8%

As of March 31, 2009, owner's equity accounts for 83.8% of total assets. Since 70.9% of the company's total assets is current, the company can pay all its liabilities and still have 54.7% current assets and 29.1% non-current assets. In pesos, this would mean P1,885.7 million current assets and P1,003.5 million non-current assets after paying all liabilities amounting to P558.1 million as of March 31, 2009.

	<u>In Million</u>	<u>%</u>
Owners' Equity	2,889.2	83.8%
Total Assets	3,447.4	100%
Non-Current Assets	1,003.5	29.1%
Current Assets	2,443.9	70.9%
Total Liabilities	558.1	16.2%
Current Assets after Total Liabilities	1,885.7	54.7%

Results of Operations

For the year 2005-2006, net income for the period amounted to P538.6 million which was 40% higher than the previous year's P384.6 million. This year's figure consisted of 85% net operating (educational) income and 15% other income. Net operating income increased by P156.2 million while other income increased by P16.4 million. As a result, net income after tax increased by P154.0 million.

For the year 2006-2007, net income for the period was P603.5 million which was 12% higher than the previous year's P538.6 million. This year's figure consisted of 82% net operating (educational) income and 18% other income. Net operating income increased by P36.8 million and other income by P29.3 million. As a result, net income after tax for the year increased by P64.9 million.

For the year 2007-2008, net income for the period amounted to P592.9 million which was 1.75% lower than the previous year's P603.5 million. This year's figure consisted of 80% net operating (educational) income and 20% other income. Net operating income decreased by P16.2 million while other income increased by P10.8 million. The combined effect resulted in a decrease in net income after tax by P10.6 million this year.

For the year 2008-2009, net income for the period amounted to P567.0 million which was 4.37% lower than the previous year's P592.9 million. This year's figure consisted of 77.4% net operating (educational) income and 22.6% other income. Net operating income decreased by P39.7 million. Other income increased by P13.2 million. As a result, net income after tax for the year decreased by P25.9 million.

The company's operating (educational) income was up in 2005-2006 and 2006-2007 due to good enrollment. It went down in 2007-2008 and 2008-2009 when enrollment dropped to the 23,000 level.

<u>Year</u>	<u>Average tuition fee rate per unit</u>	<u>Enrollment (1st semester)</u>
2005 - 2006	902.00	26,411
2006 - 2007	976.00	26,229
2007 - 2008	1,043.00	23,928
2008 - 2009	1,100.00	23,291

Other income steadily improved despite lower interest rates due to higher amounts of placements. During the past two years, 2007-2008 and 2008-2009, investment income accounts for 81% of other income. Rental income was also a factor. It accounts for 17% of total other income.

A Look of What Lies Ahead

During the past four years, the first semester enrollment gradually decreased from 26,411 in 2005-2006 to 23,291 in 2008-2009. Second semester enrollment normally drops by 10% from that of the first semester but actual results were better at an average of 7.25% decrease. Over the same period, tuition rates increased by 11%, 7%, 6% and 5% respectively. Net operating (educational) income in 2006-2007 when enrollment was still at the 26,000 level posted a slight improvement of 7.14%. It was also in 2007-2008 and 2008-2009 when enrollment went down to 23,000 level that net operating income decreased by 2.9% and 7.4% respectively.

This current school year, the further reduction in the first semester enrollment by about 1.75% and the low increase in tuition fees of 5% may affect the profitability of operations unless operating expenses are limited to the minimum.

With the company's total current assets amounting to P1,885.7 million and non-current assets amounting to P1,003.5 million (net of all liabilities) as of March 31, 2009 and with the expected net income, the company does not foresee any cash flow or liquidity problem in the next 12 months or so despite the drop in enrollment and lower tuition fee increase. It is also expected that the company shall easily meet all its commitments including those for improvements in instructional and other facilities from its present reserves and from expected future earnings.

As for the years ahead, management will continue to uplift its academic standard by continuously updating its curriculum, strengthening its faculty, and further improving its facilities. With sustained improvements in all fronts and with reasonable tuition fee rates, the University is confident that it will still be able to maintain its market share in the industry.

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, 2006	84%
March 31, 2007	85%
March 31, 2008	82%
March 31, 2009	84%

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, 2006	24%
March 31, 2007	22%
March 31, 2008	19%
March 31, 2009	16%

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

March 31, 2006	29%
March 31, 2007	26%
March 31, 2008	23%
March 31, 2009	20%

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

March 31, 2006	115.39
March 31, 2007	103.37
March 31, 2008	84.62
March 31, 2009	67.44

IV. Product Standard

1. Teaching performance in the University is constantly being monitored to maintain a satisfactory level of excellence.

<u>Year</u>	<u>Teaching Excellence Awardees</u>	<u>% toTotal Teaching force</u>
2005-2006	581	53%
2006-2007	412	37%
2007-2008	430	38%
2008-2009	377	34%

- The Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) has granted Certificates of Level III Re-accredited Status to our Commerce and Liberal Arts Programs. It has also granted Level II Re-accredited Status to our Elementary and Secondary Education Programs.

The Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU), also issued a certificate of accreditation to the University's Nursing Program.

- Performance of FEU graduates in their respective Board Exams is generally better than the national passing rate:

	<u>FEU Passing Rate</u>	<u>National Passing Rate</u>
Architecture, Jan.2009	31%	39%
Bar Exam, 2008	43%	21%
CPA, Oct., 2008	54%	37%
CPA, May 2009	36%	28%
LET (Elem), Apr. 2009	33%	28%
LET (Secondary), Apr. 2009	48%	25%
Nursing, Nov. 2008	61%	45%

V. Market Acceptability

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

<u>SY</u>	<u>Enrollment</u>
2006-2007	26,229
2007-2008	23,928
2008-2009	23,291
2009-2010	22,885

Due to the economic recession, it was estimated that the first semester enrollment for SY 2009-2010 will be around 10% lower. Final figure was better with a decrease of only 1.75%. It also turned out that all institutes, except for the Institute of Nursing, had a better enrollment.

The surge in the number of valedictorians, salutatorians and entrance merit scholars to around 800 a year (833 in 2007-2008 and 798 in 2008-2009) during the past two school years is an indication that FEU has become one of the better choices among the various colleges and universities in the metropolis.

Facts:

(In Million Pesos)

	<u>March 31, 2006</u>	<u>March 31, 2007</u>	<u>March 31, 2008</u>	<u>March 31, 2009</u>
Quick Assets	1,291.3	1,798.9	2,177.2	2,406.7
Current Assets	1,297.5	1,829.7	2,228.7	2,443.9
Total Assets	2,230.2	2,710.8	3,157.3	3,447.3
Current Liabilities	271.8	294.2	495.9	499.6
Total Liabilities	357.6	399.0	572.0	558.1
Stockholder's Equity	1,872.5	2,311.9	2,585.2	2,889.2
Net Income after Tax	538.6	603.5	592.9	567.0
Total Outstanding shares (average)	4,671,142 shares	5,838,440 shares	7,006,368 shares	8,407,408 shares

Other Items

1. There are no known trends, events or uncertainties which may have a material impact on liquidity.
2. There are no known events that will trigger direct or contingent financial obligation that may be material to the company. There are also no known events that would result in any default or acceleration of an obligation.
3. 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.
4. There are no sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction.
5. There are no material commitments for capital expenditures.
6. There are no known trends, events or uncertainties which may have a material impact on sales.
7. There are significant elements of income or loss from continuing operations.
8. Seasonal aspects that has material effect on financial statements:
There are three school terms within a fiscal year: the summer (April-May), the first semester (June to October) and the second semester (November to March). The first semester has the highest enrollment at an average of 24,000 students. The second semester is usually at 90% of the first semester's enrollment while summer is the lowest at around 33%. The full load of a student during the summer is 9 units compared to 21 to 24 during the first and second semesters. The tuition fee increase, if any, usually takes effect during the first semester of the current school year. Thus, old rates are followed during the summer term while new rates are used during the first and second semesters. Since the first quarter is from April to June, the resulting income for the first quarter is expected to be lowest among the four quarters of the fiscal year.

Formula

1. Liquidity

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

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

2. Solvency

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

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

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

3. Profitability

$$1. \text{ Return on Assets} = \frac{\text{Net Income}}{\text{Total assets}}$$

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

$$3. \text{ Earning per share} = \frac{\text{Net Income}}{\text{Total Outstanding shares (average)}}$$

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, 2006	4.77:1
March 31, 2007	6.22:1
March 31, 2008	4.49:1
March 31, 2009	4.89:1

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, 2006	4.75:1
March 31, 2007	6.11:1
March 31, 2008	4.39:1
March 31, 2009	4.82:1

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, 2006	19%
March 31, 2007	17%
March 31, 2008	22%
March 31, 2009	19%

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, 2006	16%
March 31, 2007	15%
March 31, 2008	18%
March 31, 2009	16%

FAR EASTERN UNIVERSITY
SCHEDULE OF PROPERTY, PLANT & EQUIPMENT/INVESTMENT PROPERTY
SCHOOL YEAR 2008 - 2009

	<u>Gross Book Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Location</u>	<u>Condition</u>
I. PROPERTY, PLANT & EQUIPMENT:					
LAND	98,457,565.00	-	98,457,565.00	Manila	Very Good
BUILDINGS & LAND IMPROVEMENTS					
New Technology Building II	280,167,175.00	41,839,111.00	238,328,064.00	"	"
Alfredo Reyes Hall	65,970,226.00	25,305,397.00	40,664,829.00	"	"
Leasehold Improvement	65,423,403.00	15,190,789.00	50,232,614.00	"	"
New Technology Building-Idle Hosp. Bldg.	5,382,741.00	266,959.00	5,115,782.00	"	"
Science Building	98,608,277.00	11,172,245.00	87,436,032.00	"	"
Arts Building	10,174,184.00	5,549,412.00	4,624,772.00	"	"
Nicanor Reyes Hall	39,700,111.00	2,392,096.00	37,308,015.00	"	"
GEC & Educational Hall	-	-	-	"	"
Grade school	-	-	-	"	"
S B Covered Walk	617,737.00	494,189.00	123,548.00	"	"
Covered Passage	2,660,195.00	459,691.00	2,200,504.00	"	"
Fence	715,360.00	510,889.00	204,471.00	"	"
Campus Pavilion	1,107,976.00	254,590.00	853,386.00	"	"
GSB Covered Walk	310,000.00	247,999.00	62,001.00	"	"
Powerhouse	296,196.00	296,196.00	-	"	"
Chapel	166,760.00	-	166,760.00	"	"
Others	7,840,138.00	469,078.00	7,371,060.00	"	"
Grandstand	48,554.00	49,263.00	(709.00)	"	"
	<u>579,189,033.00</u>	<u>104,497,904.00</u>	<u>474,691,129.00</u>		
EQUIPMENTS					
Furnitures & Fixtures	15,466,280.00	10,264,741.00	5,201,539.00	"	"
Electrical & Mechanical	61,679,287.00	50,435,969.00	11,243,318.00	"	"
Information Technology	25,922,341.00	19,137,084.00	6,785,257.00	"	"
Transportation Equipment	11,758,843.00	8,753,057.00	3,005,786.00	"	"
Miscellaneous Fixed Assets	10,645,124.00	10,645,124.00	-	"	"
Instruments & Utensils	548,270.00	278,261.00	270,009.00	"	"
T o o l s	1,032,878.00	684,410.00	348,468.00	"	"
Linen	299,914.00	281,459.00	18,455.00	"	"
Museum Collection	989,573.00	-	989,573.00	"	"
	<u>128,342,510.00</u>	<u>100,480,105.00</u>	<u>27,862,405.00</u>		
TOTAL	<u>805,989,108.00</u>	<u>204,978,009.00</u>	<u>601,011,099.00</u>		
II. INVESTMENT PROPERTY:					
LAND	53,394,726.00		53,394,726.00	"	"
COLLEGE OF ENGINEERING BUILDING	207,626,479.00	66,165,744.00	141,460,735.00	"	"
TOTAL	<u>261,021,205.00</u>	<u>66,165,744.00</u>	<u>194,855,461.00</u>		
GRAND TOTAL	<u><u>1,067,010,313.00</u></u>	<u><u>271,143,753.00</u></u>	<u><u>795,866,560.00</u></u>		

Item 2. Properties

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

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

	<u>Gross Book Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Location</u>	<u>Condition</u>
I. PROPERTY, PLANT & EQUIPMENT:					
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GRAND TOTAL	<u><u>1,067,010,313.00</u></u>	<u><u>271,143,753.00</u></u>	<u><u>795,866,560.00</u></u>		

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

PROPERTIES LEASED BY THE CORPORATION FROM FERN REALTY, INC.

	<u>MONTHLY RENTAL</u>	<u>CONTRACT DATE</u>
Education Building - an eight (8) storey building made of concrete materials located on Nicanor Reyes St., Manila	P	July 1, 2008
Nursing Building - an eight (8) storey building made of concrete materials located on Nicanor Reyes St., Manila	32,703,721.81	to
Law Building - a four (4) storey building made of concrete materials located on Nicanor Reyes St., Manila	plus applicable	June 30, 2009
Administration Building - a four (4) storey building made of concrete materials located on Nicanor Reyes St., Manila	VAT	
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 2008 certification to the Securities and Exchange Commission on the extent of the company's compliance with its manual on January 23, 2009.
- 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.
- The University complied with SEC Memorandum No. 2008 dated October 10, 2008 where it participated in the Corporate Governance Survey conducted by the Institute of Corporate Directors (ICD).
- Far Eastern University shall continuously update our Manual on Corporate Governance in the form of supplements to incorporate additional corporate governance related rules and regulations that are released, from time to time, by the Securities and Exchange Commission and the Philippine Stock Exchange, Inc.



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 First quarter report for school year 2009-2010 to all attendees during the forthcoming annual stockholders meeting to be held on August 22, 2009.


FE V. CANILAO
Chief Financial Officer

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AND SUPPLEMENTARY SCHEDULES**

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of Far Eastern University, Inc. is responsible for all information and representations contained in the financial statements for the years ended March 31, 2008 and 2009. The financial statements have been prepared in conformity with financial reporting standards in the Philippines/Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. The management likewise discloses to the University's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Trustees reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

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


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

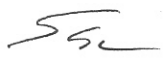

LYDIA B. ECHAÜZ
 President and
 Chief Operating Officer


FE V. CANILAO
 Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 13th day of July 2009, affiants exhibiting their Community Tax Certificates as follows:

<u>Name</u>	<u>CTC</u>	<u>Date/Place Issued</u>
Lourdes R. Montinola	12373997	1-20-09/Makati City
Lydia B. Echaüz	19036895	1-12-09/Manila
Fe V. Canilao	02245804	3-31-09/Manila

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 Page No. 108
 Book No. 11
 Series of 2009.


NOTARY PUBLIC
 ATTY. ENRICO G. GILERA
 NOTARY PUBLIC
 UNTIL DECEMBER 2010
 PTR NO. 7230907-01-07-07, MANILA
 IBP NO. 769252, 01.07.09, PPLM



Punongbayan & Araullo

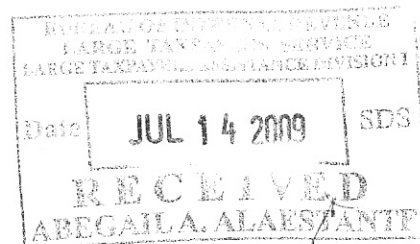
Member of Grant Thornton International Ltd

Financial Statements and Independent Auditors' Report

Far Eastern University, Inc.

March 31, 2009

(With Comparative Figures for 2008 and 2007)





Report of Independent Auditors

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

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

**The Board of Trustees
Far Eastern University, Inc.**
Nicanor Reyes Sr. Street
Sampaloc, Manila

We have audited the accompanying financial statements of Far Eastern University, Inc., which comprise the balance sheet as at March 31, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 whether the financial statements are free from material misstatement.

JUL 14 2009
AREGAL A. ALAESTANTE

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 2009 financial statements present fairly, in all material respects, the financial position of Far Eastern University, Inc. as of March 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

We have also audited the adjustments described in Note 18 that were applied to restate the 2007 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

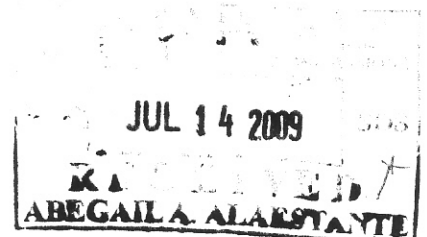
Other Matter

The financial statements of Far Eastern University, Inc. as of and for the year ended March 31, 2008 were audited by other auditors whose report, dated July 14, 2008, expressed an unqualified opinion on those statements prior to restatement.

PUNONGBAYAN & ARAULLO


By: **Jessie C. Carpio**
Partner
CPA Reg. No. 0057831
TIN 109-227-789
PTR No. 1566062, January 5, 2009, Makati City
SEC Accreditation No. 0011-AR-2
BIR AN 08-002511-6-2008 (Nov. 25, 2008 to 2011)

June 19, 2009



FAR EASTERN UNIVERSITY, INC.
BALANCE SHEET
MARCH 31, 2009
(With Comparative Figures for 2008)
(Amounts in Philippine Pesos)

	Notes	2009	2008 (As restated - see Note 18)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 1,180,261,852	P 1,224,663,998
Receivables - net	5	133,310,657	111,845,027
Available-for-sale investments	6	1,073,109,957	840,687,402
Held-to-maturity investments		20,000,000	-
Other current assets		37,201,826	51,528,274
		2,443,884,292	2,228,724,701
Total Current Assets			
NON-CURRENT ASSETS			
Due from a related party	17	100,000,000	100,000,000
Held-to-maturity investments		-	32,071,040
Investments in subsidiaries and an associate	7	96,313,489	88,941,889
Investment property - net	8	194,855,462	202,399,663
Property and equipment - net	9	601,011,101	491,142,241
Deferred tax assets - net	16	5,701,855	8,590,596
Other non-current assets		5,598,807	5,463,973
		1,003,480,714	928,609,402
Total Non-current Assets			
		P 3,447,365,006	P 3,157,334,103
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable and other liabilities	10	P 380,536,852	P 430,264,990
Unearned tuition fees	12	75,499,149	16,854,919
Income tax payable		43,616,798	48,792,628
		499,652,799	495,912,537
Total Current Liabilities			
NON-CURRENT LIABILITY			
Trust funds	11	58,490,642	76,162,222
		558,143,441	572,074,759
Total Liabilities			
EQUITY			
Capital stock	18	984,577,900	704,369,900
Treasury stock	18	(3,733,100)	(3,733,100)
Accumulated fair value gains (losses)	6	(9,533,437)	1,233,243
Retained earnings	18		
Appropriated		975,099,017	1,147,161,414
Unappropriated		942,811,185	736,227,887
		2,889,221,565	2,585,259,344
Total Equity			
		P 3,447,365,006	P 3,157,334,103
TOTAL LIABILITIES AND EQUITY			

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INC.
INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2009
(With Comparative Figures for 2008 and 2007)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2009</u>	2008 (As restated - see Note 18)	2007 (As restated - see Note 18)
EDUCATIONAL INCOME				
Tuition fees - net of discounts	12	P 1,611,808,467	P 1,580,683,033	P 1,565,968,902
Miscellaneous		<u>50,280,810</u>	<u>33,146,510</u>	<u>30,085,666</u>
		1,662,089,277	1,613,829,543	1,596,054,568
OPERATING EXPENSES				
	13	<u>1,164,729,736</u>	<u>1,076,741,499</u>	<u>1,042,752,573</u>
OPERATING INCOME				
		<u>497,359,541</u>	<u>537,088,044</u>	<u>553,301,995</u>
OTHER INCOME (CHARGES)				
Finance income	14	120,713,165	106,423,249	114,137,124
Finance costs	5	(17,581,234)	(22,198,760)	(16,390,811)
Rental	8	22,927,970	25,494,398	42,011,777
Miscellaneous	5	<u>18,754,107</u>	<u>21,884,819</u>	(<u>18,937,022</u>)
		<u>144,814,008</u>	<u>131,603,706</u>	<u>120,821,068</u>
INCOME BEFORE TAX				
		642,173,549	668,691,750	674,123,063
TAX EXPENSE				
	16	<u>75,175,688</u>	<u>75,785,747</u>	<u>70,596,011</u>
NET INCOME				
		<u>P 566,997,861</u>	<u>P 592,906,003</u>	<u>P 603,527,052</u>
Earnings Per Share				
	19	<u>P 67.44</u>	<u>P 84.62</u>	<u>P 103.37</u>

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2009
(With Comparative Figures for 2008 and 2007)
(Amounts in Philippine Pesos)

	Notes	<u>2009</u>	2008 (As restated - see Note 18)	2007 (As restated - see Note 18)
CAPITAL STOCK				
	18			
Balance at beginning of year		P 704,369,900	P 704,369,900	P 470,847,300
Issuance during the year		<u>280,208,000</u>	<u>-</u>	<u>233,522,600</u>
Balance at end of year		<u>984,577,900</u>	<u>704,369,900</u>	<u>704,369,900</u>
TREASURY STOCK - at cost (37,331 shares)	18	<u>(3,733,100)</u>	<u>(3,733,100)</u>	<u>(3,733,100)</u>
ACCUMULATED FAIR VALUE GAINS (LOSSES)				
Balance at beginning of year		1,233,243	5,461,069	(5,536,147)
Fair value gains (losses) for the year	6	<u>(8,016,081)</u>	1,286,340	5,428,886
Reclassification to profit and loss during the year		<u>(2,750,599)</u>	<u>(5,514,166)</u>	<u>5,568,330</u>
Balance at end of year		<u>(9,533,437)</u>	<u>1,233,243</u>	<u>5,461,069</u>
RETAINED EARNINGS				
	18			
Appropriated				
Balance at beginning of year		1,147,161,414	697,161,414	697,161,414
Appropriations for the year		-	450,000,000	-
Reversal of appropriations		<u>(172,062,397)</u>	<u>-</u>	<u>-</u>
Balance at end of year		<u>975,099,017</u>	<u>1,147,161,414</u>	<u>697,161,414</u>
Unappropriated				
Balance at beginning of year				
As previously reported		766,521,354	938,901,911	744,094,609
Prior period adjustment		<u>(30,293,467)</u>	<u>(30,293,467)</u>	<u>(30,293,467)</u>
As restated		736,227,887	908,608,444	713,801,142
Net income		566,997,861	592,906,003	603,527,052
Cash dividends		<u>(252,268,960)</u>	<u>(315,286,560)</u>	<u>(175,197,150)</u>
Stock dividends		<u>(280,208,000)</u>	<u>-</u>	<u>(233,522,600)</u>
Reversal of appropriations		172,062,397	-	-
Appropriations for the year		<u>-</u>	<u>(450,000,000)</u>	<u>-</u>
Balance at end of year		<u>942,811,185</u>	<u>736,227,887</u>	<u>908,608,444</u>
Total Retained Earnings		<u>1,917,910,202</u>	<u>1,883,389,301</u>	<u>1,605,769,858</u>
TOTAL EQUITY		<u>P 2,889,221,565</u>	<u>P 2,585,259,344</u>	<u>P 2,311,867,727</u>
Net Gains (Losses) Recognized Directly in Equity	6	<u>(P 8,016,081)</u>	<u>P 1,286,340</u>	<u>P 5,428,886</u>

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INC.
CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2009
(With Comparative Figures for 2008 and 2007)
(Amounts in Philippine Pesos)

	Notes	2009	2008 (As restated - see Note 18)	2007 (As restated - see Note 18)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P 642,173,549	P 668,691,750	P 674,123,063
Adjustments for:				
Interest income	14	(117,675,433)	(106,423,249)	(114,137,124)
Depreciation and amortization	13	46,524,455	42,254,725	44,048,226
Impairment loss on receivables	5	17,581,234	17,450,897	12,686,351
Unrealized foreign exchange loss (gain)		(3,037,732)	4,747,861	3,703,946
Gain on disposal of property and equipment		(726,424)	-	(102,083)
Loss on sale of investment		-	2,842,069	20,865,189
Operating income before working capital changes		584,839,649	629,564,053	641,187,568
Decrease (increase) in receivables		(31,156,955)	(20,081,539)	31,052,834
Decrease (increase) in other current assets		11,481,582	(20,745,290)	(19,748,024)
Increase in accounts payable and other liabilities		7,878,567	56,906,567	1,162,734
Increase in unearned tuition fees		58,644,230	16,854,919	-
Increase (decrease) in trust funds		(17,671,580)	(25,109,062)	18,958,605
Cash generated from operations		614,015,493	637,389,648	672,613,717
Income taxes paid		(74,617,911)	(69,936,888)	(68,863,380)
Net Cash from Operating Activities		<u>539,397,582</u>	<u>567,452,760</u>	<u>603,750,337</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment and investment property	8, 9	(148,849,114)	(48,003,906)	(2,565,486)
Increase in available-for-sale investments	6	(240,347,166)	(22,914,741)	(466,849,424)
Interest received		105,270,892	90,267,525	95,592,492
Decrease (increase) in held-to-maturity investments		13,743,603	257,510	(19,703,753)
Additional investment in subsidiaries	7	(7,371,600)	-	-
Proceeds from disposal of property and equipment		726,424	-	175,000
Decrease (increase) in other non-current assets		(134,834)	(2,160,606)	28,771,625
Increase in due from a related party		-	(35,000,000)	-
Net Cash Used in Investing Activities		<u>(276,961,795)</u>	<u>(17,554,218)</u>	<u>(364,579,546)</u>
CASH FLOWS FROM FINANCING ACTIVITY				
Dividends paid	18	(309,875,665)	(194,554,457)	(175,162,650)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		<u>3,037,732</u>	(6,607,781)	(3,703,946)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(44,402,146)</u>	348,736,304	60,304,195
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,224,663,998</u>	<u>875,927,694</u>	<u>815,623,499</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>P 1,180,261,852</u>	<u>P 1,224,663,998</u>	<u>P 875,927,694</u>

Supplemental information on noncash financing activities:

- 1) The University declared and issued stock dividends amounting to P280.2 million in 2009 and P233.5 million in 2007 (see Note 18.2).
- 2) In 2009, 2008 and 2007, the University declared cash dividends totaling P252.3 million, P315.3 million and P175.2 million, respectively, of which P24.6 million and P119.5 million remained unpaid as of March 31, 2009 and 2008, respectively (see Notes 10 and 18).

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009
(With Comparative Figures for 2008 and 2007)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Far Eastern University, Inc. (the University) is a domestic educational institution founded in June of 1928 and incorporated on January 5, 1933. 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 Law; and Institute of Graduate Studies.

The University became a listed corporation in the Philippine Stock Exchange on July 11, 1986.

As of March 31, 2009, 2008 and 2007, the University holds interest in the following subsidiaries and associate which were all incorporated and operating in the Philippines:

Company Name	Percentage of Ownership		
	2009	2008	2007
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	100%	100%	100%
Far Eastern College-Silang, Inc. (FECSI)	100%	-	-
Fern Realty Corporation (FRC)	37.52%	36.73%	36.73%
Associate –			
Juliana Management Co., Inc. (JMCI)	49%	49%	49%

FECSI was incorporated on January 21, 2009 but has not yet started commercial operations as of March 31, 2009. FECSI and EACCI, similar to the University, were also established to operate as educational institutions. FRC, on the other hand, operates as a real estate company leasing most of its investment properties to the University and other related parties.

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 as the University has the power to cast the majority of votes at meetings of the board of directors and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University.

The 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, 2009 (including the comparatives as restated for the years ended March 31, 2008 and 2007) were authorized for issue by the Board of Trustees (BOT) on June 19, 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies that follow.

(b) Functional Currency

These financial statements are presented in Philippine pesos, the University's functional currency, and all values represent absolute amounts except when otherwise indicated. Functional currency is the currency of the primary economic environment in which the entity operates. Items included in the financial statements of the University are measured using its functional currency.

(c) Reclassification of Certain Accounts

Certain accounts in the 2008 and 2007 financial statements have been reclassified to conform to 2009 presentation and classification.

2.2 Impact of New Amendments and Interpretations to Existing Standards

(a) Effective in fiscal year 2009 that are relevant to the University

Of the amendments and interpretations that are effective for the fiscal year 2009, only PAS 39 and PFRS 7 (Amendments), *PAS 39, Financial Instruments: Recognition and Measurements* and PFRS 7, *Financial Instruments: Disclosures* (effective from July 1, 2008), are relevant to the University. The amendments permit an entity to:

- (i) Reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of fair value through profit or loss category in particular circumstances; and,
- (ii) Transfer from the available-for-sale category to the loans and receivable category those financial assets that would have met the definition of loans and receivables, provided that the entity has the intention and the ability to hold those financial assets for the foreseeable future.

The amendments are applicable in a partially retrospective manner up to July 1, 2008 provided that the reclassification was made on or before November 15, 2008, the cut-off date set by the FRSC. After the cut-off date, all reclassifications will only take effect prospectively. As the University did not exercise the option to reclassify its financial assets, the adoption of these amendments has no impact on its 2009 financial statements.

(b) Effective in fiscal year 2009 but not relevant to the University

Philippine Interpretation IFRIC 11	:	PFRS 2 – Group and Treasury Share Transactions
Philippine Interpretation IFRIC 12	:	Service Concession Agreements
Philippine Interpretation IFRIC 14	:	PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

(c) Effective subsequent to fiscal year 2009

There are new and amended standards and Philippine Interpretations that are effective beginning on or after January 1, 2009 but not required to be adopted by the University until after fiscal year 2009. Of those new standards, the following are relevant to the University and which it will apply in accordance with their transitional provisions:

PAS 1 (Revised 2007)	:	Presentation of Financial Statements
PAS 27 (Amendments)	:	Consolidated and Separate Financial Statements
PFRS 3 (Revised)	:	Business Combinations
Various Standards	:	2008 Annual Improvements to PFRS

Below is a discussion of the possible impact of these accounting standards on the University's financial statements.

- (i) PAS 1 (Revised 2007), *Presentation of Financial Statements* (effective from January 1, 2009). The amendment requires an entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate income statement and a statement of comprehensive income. The income statement shall disclose income and expense recognized in profit and loss in the same way as the current version of PAS 1. The statement of comprehensive income shall disclose profit or loss for the period, plus each component of income and expense recognized outside of profit and loss classified by nature (e.g., gains or losses on available-for-sale assets or translation differences related to foreign operations). Changes in equity arising from transactions with owners are excluded from the statement of comprehensive income (e.g., dividends and capital increase). An entity would also be required to include in its set of financial statements a statement showing its financial position (or balance sheet) at the beginning of the previous period when the entity retrospectively applies an accounting policy or makes a retrospective restatement. The University will apply PAS 1 (Revised 2007) in its financial statements for fiscal year 2010.
- (ii) PAS 27 (Amendment), *Consolidated and Separate Financial Statements* (effective from July 1, 2009). The amendment mainly relates to changes in the accounting for non-controlling interest and the loss of control of a subsidiary. The amendment to standard is not expected to have significant impact on the financial statements.
- (iii) PFRS 3 (Revised 2007), *Business Combinations* (effective from July 1, 2009). The revised standard includes in its scope business combinations involving only mutual entities, and those in which separate entities or businesses are brought together to form a reporting entity by contract alone. All business combinations are accounted for by applying the acquisition method (referred to previously as the purchase method). The adoption of this revised standard is not expected to have significant impact on the financial statements.
- (iv) 2008 Annual Improvements to PFRS. The FRSC has issued the *Improvements to Philippine Financial Reporting Standards 2008*. These amendments become effective in the Philippines in annual periods beginning on or after January 1, 2009. The University expects the amendments to the following standards to be relevant to the University's accounting policies:
 - PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement*. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was changed. A financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The University initially determined that adoption of this amendment will not have a material effect on its 2009 financial statements.

- PAS 40 (Amendment), *Investment Property*. PAS 40 is amended to include property under construction or development for future use as investment property in its definition of investment property. This results in such property being within the scope of PAS 40; previously, it was within the scope of PAS 16. Also, if an entity's policy is to measure investment property at fair value, but during construction or development of an investment property the entity is unable to reliably measure its fair value, then the entity would be permitted to measure the investment property at cost until construction or development is complete. At such time, the entity would be able to measure the investment property at fair value.

Minor amendments are made to several other standards; however, those amendments are not also expected to have a material impact on the University's financial statements.

2.3 Separate Financial Statements and Investments in Subsidiaries and an Associate

These financial statements are prepared as the University's separate financial statements.

The University's investments in subsidiaries and an associate are accounted for in these separate financial statements at cost, less any impairment loss. Impairment loss is provided when there is objective evidence that the investments in subsidiaries will not be recovered. Such impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in the income statement.

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

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

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

2.4 Financial Assets

Financial assets include cash and cash equivalents and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale 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. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Regular purchase and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement.

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

(a) 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 balance sheet date which are classified as non-current assets.

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

The University's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Receivables and Due from a Related Party in the balance sheet.

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

(b) Held-to-maturity Investments

This includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to-maturity if the University has the positive intention and ability to hold them until maturity which is presented as Held-to-maturity Investments in the non-current section of the balance sheet, except those maturing within 12 months of the balance sheet date. Investments intended to be held for an undefined period are not included in this classification.

Held-to-maturity investments are measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

(c) *Available-for-sale Financial Assets*

This include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. These are presented as Available-for-sale Investments in the non-current section of the balance sheet unless management intends to dispose of the investment within 12 months from the balance sheet date.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the income statement when they are sold or when the investment is impaired.

In the case of impairment, the cumulative loss previously recognized directly in equity is transferred to the income statement. If circumstances change, impairment losses on available-for-sale equity instruments are not reversed through the income statement. On the other hand, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in income statement, the impairment loss is reversed through the income statement.

Impairment losses recognized on financial assets are presented as part of Finance Costs in the income statement.

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 balance sheet date. 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. All income and expense relating to financial assets recognized in profit or loss are presented in the income statement line item Finance Income and Finance Costs, respectively.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.5 Property and Equipment

Except for land, which is stated at cost less any impairment in value, property and equipment are stated at cost less accumulated depreciation and 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. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation, amortization and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

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.

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

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

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

2.6 Investment Property

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

Depreciation of investment property, which consists of building and improvements, are 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 the income statement 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-occupation, 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-occupation or commencement of development with a view to sell.

2.7 Financial Liabilities

Financial liabilities include accounts payable and other liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the University becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in the income statement under the caption Finance Costs.

The liabilities are initially recognized at their fair value and subsequently measured at amortized cost less settlement payments.

Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through discharge, cancellation or expiration.

2.8 Provisions

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 balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. 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. In addition, where 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.

Provisions are reviewed at each balance sheet date 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.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

2.9 Revenue and Expense Recognition

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) *Tuition and Other Fees* – Tuition and other fees are recognized as income over the corresponding school term.
- (b) *Interest* – Revenue is recognized as the interest accrues (taking into account the effective yield on the asset).
- (c) *Rental* – Revenue is recognized over the lease term using the straight-line method.

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.

Cost and expenses are recognized in the income statement upon receipt of goods, utilization of service or at the date such cost and expenses are incurred.

2.10 Leases

The University accounts for its leases as follows:

(a) University as Lessee

Leases which do not transfer to the University substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the income statement 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 as income in the income statement on a straight-line basis over the lease term.

2.11 Foreign Currency Transactions

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

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

2.12 Impairment of Non-financial Assets

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

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested 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 flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.13 Employee Benefits

(a) Retirement Benefit Obligations

Pension 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 into 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 balance sheet date 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 balance sheet date. They are included in Accounts Payable and Other Liabilities account at the undiscounted amount that the University expects to pay as a result of the unused entitlement.

2.14 Trust Funds

This represents restricted funds of the University that are intended for student welfare, development, loan, assistance and scholarship fund, and for other specific educational purposes. The University administers the use of these funds based on the specific purpose such funds are identified with.

2.15 Income Taxes

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 balance sheet date. 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 the income statement.

Deferred tax is provided, using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the balance sheet 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 deferred income tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the income statement.

2.16 Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

2.17 Equity

Capital stock is determined using the nominal value of shares that have been issued.

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

Accumulated fair value gains (losses) comprise gains and losses due to the revaluation of available-for-sale financial assets.

Retained earnings include all current and prior period results as reported in the income statement. The appropriated portion represents the amount which is not available for distribution.

2.18 Earnings Per Share

Basic earnings per share is determined by dividing net income 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 income 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 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) Held-to-maturity Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as bonds, as held-to-maturity (HTM) investments the University evaluates its intention and ability to hold such investments up to maturity.

If the University fails to keep these investments to maturity other than for specific circumstances as allowed under the standards, it will be required to reclassify the whole class to available-for-sale financial assets. In such a case, the investments would therefore be measured at fair value, not amortized cost.

As of March 31, 2009 and 2008, there are no held-to-maturity investments disposed of before their maturity.

(b) *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-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

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

(c) *Classification of Leases*

The University 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. Currently, all of the University's lease agreements are determined to be operating leases.

Rental expense charged to operations amounted to P56.2 million in 2009, P50.5 million in 2008 and P48.2 million in 2007 (see Note 13) while rental income earned in 2009, 2008 and 2007 are presented as Rental Income in the income statements (see Note 8).

(d) *Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.8 and relevant disclosures are presented in Note 20.

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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) *Allowance for Impairment of Receivables*

The University maintains an allowance for impairment loss on receivables at a level considered adequate to cover probable uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility 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. Analyses of the net realizable value of receivables as of March 31, 2009 and 2008 are presented in Note 5.

Impairment losses recognized on receivables amounted to about P17.6 million in 2009, P17.5 million in 2008 and P12.7 million in 2007 (see Note 5).

(b) *Valuation of Financial Assets Other than Loans and Other 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.

Fair value gains and losses recognized on available-for-sale financial assets in 2009, 2008 and 2007 are presented as Accumulated Fair Value Gains (Losses) in the statements of changes in equity (see Note 6).

(c) *Impairment of Available-for-sale Investments*

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

Analyses of the carrying value of the available-for-sale investments as of March 31, 2009 and 2008 are presented in Note 6.

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

The University estimates the useful lives of investment property and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Analyses of the carrying amounts of investment property and property and equipment are presented in Notes 8 and 9, respectively. Actual results, however, may vary due to changes in factors mentioned above. Based on management assessment as of March 31, 2009 and 2008, no change in the estimated useful lives of the assets is necessary.

(e) *Impairment of Non-financial Assets*

PFRS requires that an impairment review be performed when certain impairment indicators are present. The University's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.12. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements 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.

The University did not recognize any impairment loss on property and equipment, investment property and investments in subsidiaries and an associate in 2009, 2008 and 2007.

4. CASH AND CASH EQUIVALENTS

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

	<u>2009</u>	<u>2008</u>
Cash on hand and in banks	P 149,405,908	P 193,801,807
Short-term placements	<u>1,030,855,944</u>	<u>1,030,862,191</u>
	<u>P 1,180,261,852</u>	<u>P 1,224,663,998</u>

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 and earn effective annual interest ranging from 3.75% to 7.00% in 2009 and 3.75% to 5.25% in 2008 for peso placements and 1.75% to 4.00% in 2009 and 2.25% to 2.50% in 2008 for dollar placements. Interest income earned from cash and cash equivalents are presented as part of Finance Income in the income statements.

Certain portions of cash and cash equivalents are set aside to cover for trust funds as disclosed in Note 11.

5. RECEIVABLES

This account is composed of the following:

	<u>Notes</u>	<u>2009</u>	2008 (As restated – see Note 18)
Tuition and other fees		P 64,246,194	P 54,371,503
Allowance for impairment losses on tuition and other fees		(14,146,263)	(11,872,333)
		50,099,931	42,499,170
Receivable from:			
FEU Educational Foundation, Inc.		38,040,770	28,843,710
East Asia Educational Foundation, Inc. (EAEF)		18,165,787	14,116,055
Related parties	17.2	4,984,005	2,341,650
Advances to employees		11,479,722	9,145,859
Accrued interest	4, 6, 17.1	8,730,337	14,644,925
Others		1,810,105	253,658
		<u>P 133,310,657</u>	<u>P 111,845,027</u>

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of 2009 and 2008 is shown below.

	<u>2009</u>	<u>2008</u>
Balance at beginning of year	P 11,872,333	P 11,436,501
Impairment losses during the year	17,581,234	17,450,897
Receivables written off during the year	(15,307,304)	(17,015,065)
Balance at end of year	<u>P 14,146,263</u>	<u>P 11,872,333</u>

All of the University's receivables had been reviewed for indicators of impairment. Certain tuition and other fees receivables were found to be impaired and allowance has been recorded accordingly. The allowance for impairment loss on receivables as of March 31, 2009 and 2008 relates only to receivables from students which have been outstanding for more than one semester and specifically identified to be impaired. Impairment loss recognized on receivables is presented as part of Finance Costs in the income statements.

No allowance for impairment loss on all other receivables was provided as of March 31, 2009 and 2008 since management believes that those are collectible in full.

The University provides management services to EAEF which agreed to pay management fee computed at a certain percentage of their gross revenue subject to certain conditions. Management fees earned amounted to P11.5 million in 2009, P20.1 million in 2008 and nil in 2007 which are presented as part of the caption Miscellaneous under Other Income (Charges) in the income statements. The outstanding receivables arising from this transaction are presented above as Receivable from EAEF.

6. AVAILABLE-FOR-SALE (AFS) INVESTMENTS

This category of financial assets consists of the following:

	<u>2009</u>	<u>2008</u>
Debt securities:		
Government	P 792,260,802	P 706,326,539
Corporate	<u>261,110,403</u>	<u>109,258,504</u>
	1,053,371,205	815,585,043
Equity securities	<u>19,738,752</u>	<u>25,102,359</u>
	<u>P1,073,109,957</u>	<u>P 840,687,402</u>

Interest income recognized in 2009, 2008 and 2007 are presented as part of Finance Income in the income statements.

Certain AFS investments reached their maturity in 2009, 2008 and 2007 and were no longer reinvested; thus reclassified to Cash and Cash Equivalents resulting in the reclassification to the income statements of cumulative gain of P2.8 million in 2009 and P5.5 million in 2008, and cumulative loss of P5.6 million in 2007 which were previously recognized in equity.

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

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Balance at beginning of year		P 840,687,402	P 816,893,531
Additions		692,948,490	312,503,139
Withdrawals		(467,769,330)	(302,906,036)
Investment income - net	14	15,259,476	12,910,428
Fair value gains (losses)		(8,016,081)	<u>1,286,340</u>
Balance at end of year		<u>P1,073,109,957</u>	<u>P 840,687,402</u>

7. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

This account consists of the following as of March 31:

	<u>2009</u>	<u>2008</u>
Subsidiaries:		
FRC	P 64,419,299	P 63,297,699
EACCI	20,104,999	20,104,999
FECSI	6,250,000	-
Associate – JMCI	<u>7,878,121</u>	<u>7,878,121</u>
Total investments at cost	98,652,419	91,280,819
Allowance for impairment	(2,338,930)	(2,338,930)
	<u>P 96,313,489</u>	<u>P 88,941,889</u>

In April 2008, the University made an additional investment in FRC amounting to P1.1 million which increased the University's equity ownership interest from 36.73% to 37.52%.

The shares of stocks of the subsidiaries and an associate are not listed in the stock exchange; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amount of the investments is fully recoverable.

8. INVESTMENT PROPERTY

This account consists of the FEU East Asia Main Building and its improvements being leased out to EAEF.

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2009 and 2008 are shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>
March 31, 2009			
Cost	P 53,394,726	P 207,626,479	P 261,021,205
Accumulated depreciation	<u>-</u>	<u>(66,165,743)</u>	<u>(66,165,743)</u>
Net carrying amount	<u>P 53,394,726</u>	<u>P 141,460,736</u>	<u>P 194,855,462</u>
March 31, 2008			
Cost	P 53,394,726	P 204,900,484	P 258,295,210
Accumulated depreciation	<u>-</u>	<u>(55,895,547)</u>	<u>(55,895,547)</u>
Net carrying amount	<u>P 53,394,726</u>	<u>P 149,004,937</u>	<u>P 202,399,663</u>
April 1, 2007			
Cost	P 53,394,726	P 204,900,484	P 258,295,210
Accumulated depreciation	<u>-</u>	<u>(45,185,685)</u>	<u>(45,185,685)</u>
Net carrying amount	<u>P 53,394,726</u>	<u>P 159,714,799</u>	<u>P 213,109,525</u>

A reconciliation of the carrying amounts at the beginning and end of 2009 and 2008, of investment property is shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>
Balance at April 1, 2008, net of accumulated depreciation	P 53,394,726	P 149,004,937	P 202,399,663
Additions	-	2,725,995	2,725,995
Depreciation charges for the year	<u>-</u>	<u>(10,270,196)</u>	<u>(10,270,196)</u>
Balance at March 31, 2009, net of accumulated depreciation	<u>P 53,394,726</u>	<u>P 141,460,736</u>	<u>P 194,855,462</u>
Balance at April 1, 2007, net of accumulated depreciation	P 53,394,726	P 159,714,799	P 213,109,525
Depreciation charges for the year	<u>-</u>	<u>(10,709,862)</u>	<u>(10,709,862)</u>
Balance at March 31, 2008, net of accumulated depreciation	<u>P 53,394,726</u>	<u>P 149,004,937</u>	<u>P 202,399,663</u>

The total rental income earned from the investment property amounted to P22.9 million in 2009, P25.5 million in 2008 and P42.0 million in 2007 which are presented as Rental in the income statements (see Note 20.2). Depreciation expense and other related expenses incurred from the asset such as real property taxes are presented as part of General Operating Expenses in the income statements (see Note 13).

The fair value of investment property as of March 31, 2009 and 2008 was P386.5 million which were determined based on the most recent valuation performed by independent appraisers immediately after the balance sheet date.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2009 and 2008 are shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Leasehold Improvements</u>	<u>Miscellaneous Equipment</u>	<u>Total</u>
March 31, 2009						
Cost	P 98,457,565	P 513,765,632	P 114,826,750	P 65,423,403	P 13,515,760	P 805,989,110
Accumulated depreciation and amortization	-	(89,307,115)	(88,590,851)	(15,190,788)	(11,889,255)	(204,978,009)
Net carrying value	<u>P 98,457,565</u>	<u>P 424,458,517</u>	<u>P 26,235,899</u>	<u>P 50,232,615</u>	<u>P 1,626,505</u>	<u>P 601,011,101</u>
March 31, 2008						
Cost	P 98,457,565	P 391,268,141	P 107,011,947	P 50,719,189	P 12,409,149	P 659,865,991
Accumulated depreciation and amortization	-	(67,658,804)	(77,080,300)	(12,325,394)	(11,659,252)	(168,723,750)
Net carrying value	<u>P 98,457,565</u>	<u>P 323,609,337</u>	<u>P 29,931,647</u>	<u>P 38,393,795</u>	<u>P 749,897</u>	<u>P 491,142,241</u>
April 1, 2007						
Cost	P 98,457,565	P 363,116,887	P 88,895,056	P 49,301,578	P 12,090,999	P 611,862,085
Accumulated depreciation and amortization	-	(48,836,475)	(66,938,240)	(9,860,315)	(11,543,857)	(137,178,887)
Net carrying value	<u>P 98,457,565</u>	<u>P 314,280,412</u>	<u>P 21,956,816</u>	<u>P 39,441,263</u>	<u>P 547,142</u>	<u>P 474,683,198</u>

A reconciliation of the carrying amounts, at the beginning and end of 2009 and 2008, of property and equipment is shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Leasehold Improvements</u>	<u>Miscellaneous Equipment</u>	<u>Total</u>
Balance at April 1, 2008, net of accumulated depreciation and amortization	P 98,457,565	P 323,609,337	P 29,931,647	P 38,393,795	P 749,897	P 491,142,241
Additions	-	122,497,491	7,814,803	14,704,214	1,106,611	146,123,119
Depreciation and amortization charges for the year	-	(21,648,311)	(11,510,551)	(2,865,394)	(230,003)	(36,254,259)
Balance at March 31, 2009, net of accumulated depreciation and amortization	<u>P 98,457,565</u>	<u>P 424,458,517</u>	<u>P 26,235,899</u>	<u>P 50,232,615</u>	<u>P 1,626,505</u>	<u>P 601,011,101</u>
Balance at April 1, 2007, net of accumulated depreciation and amortization	P 98,457,565	P 314,280,412	P 21,956,816	P 39,441,263	P 547,142	P 474,683,198
Additions	-	28,151,254	18,116,891	1,417,611	318,150	48,003,906
Depreciation and amortization charges for the year	-	(18,822,329)	(10,142,060)	(2,465,079)	(115,395)	(31,544,863)
Balance at March 31, 2008, net of accumulated depreciation and amortization	<u>P 98,457,565</u>	<u>P 323,609,337</u>	<u>P 29,931,647</u>	<u>P 38,393,795</u>	<u>P 749,897</u>	<u>P 491,142,241</u>

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
Accounts payable		P 41,270,585	P 35,707,914
Accrued expenses		74,459,814	57,845,983
Dividends payable	18.2	57,606,705	139,805,663
Accrued salaries and benefits		54,229,149	30,048,030
Payable to FEU retirement plan		36,901,623	41,886,105
Withholding and other taxes payable		36,045,790	43,473,581
Funds payable		34,361,963	27,339,986
Amount due to students		33,746,306	46,555,113
Deposits payable		1,326,485	1,326,485
Other current liabilities		<u>10,588,432</u>	<u>6,276,130</u>
		<u>P 380,536,852</u>	<u>P 430,264,990</u>

11. TRUST FUNDS

This account consists of the following as of March 31:

	<u>2009</u>	<u>2008</u>
Student welfare and development fund	P 26,202,141	P 40,693,748
Visual aid development fund	13,224,923	13,670,640
FEU Central Student Organization:		
Student loan fund	12,777,129	10,502,842
Student scholarship fund	3,902,308	3,919,602
Student assistance fund	-	2,653,039
Others	<u>2,384,141</u>	<u>4,722,351</u>
	<u>P 58,490,642</u>	<u>P 76,162,222</u>

These trust funds represent collections to defray expenses related to activities for specific educational purposes. As discussed in Note 4, the amounts of cash equivalent to the outstanding balances of these funds are set aside for such purposes.

12. TUITION FEES

Details of net tuition fees presented in the income statements are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tuition and other fees	P 1,694,493,469	P 1,655,826,499	P 1,636,730,534
Less discounts:			
Scholarship	63,723,848	57,508,745	52,764,930
Cash	10,214,508	10,038,965	9,804,230
Family	<u>8,746,646</u>	<u>7,595,756</u>	<u>8,192,472</u>
	<u>82,685,002</u>	<u>75,143,466</u>	<u>70,761,632</u>
	<u>P 1,611,808,467</u>	<u>P 1,580,683,033</u>	<u>P 1,565,968,902</u>

Towards the end of the fiscal year, the University collected tuition fees from students for summer classes which start after the balance sheet date. Such collections are excluded from tuition fees earned for the year and presented as Unearned Tuition Fees in the balance sheets and recognized as revenue in the following year.

13. OPERATING EXPENSES

Operating expenses consists of:

	Notes	2009	2008	2007
<i>Instructional and Academic</i>				
Salaries and allowances	17.5	P 527,192,891	P 495,587,597	P 468,925,094
Employees benefits	15, 17.5	164,350,335	150,395,234	134,297,699
Related learning experience		21,641,432	19,474,376	19,959,588
Affiliation		9,960,332	11,418,035	11,265,056
Others		21,503,870	17,370,504	15,225,060
		<u>744,648,860</u>	<u>694,245,746</u>	<u>649,672,497</u>
<i>Administrative</i>				
Salaries and allowances		84,461,509	77,655,820	70,511,646
Rental	17.3	56,180,367	50,504,658	48,217,745
Employees benefits	15	39,266,335	36,165,361	35,115,175
Directors' bonus		11,750,000	10,500,000	8,250,000
Others		10,259,595	11,502,529	9,545,930
		<u>201,917,806</u>	<u>186,328,368</u>	<u>171,640,496</u>
<i>Maintenance and University</i>				
<i>Operations</i>				
Utilities		67,818,876	60,771,052	68,867,729
Salaries and allowances		23,490,070	24,196,975	23,049,555
Janitorial services		12,808,640	11,707,163	13,052,135
Employee benefits	15	11,296,291	11,772,106	10,492,989
Repairs and maintenance		4,619,377	4,330,271	29,441,175
Property insurance		1,160,749	564,594	1,487,187
		<u>121,194,003</u>	<u>113,342,161</u>	<u>146,390,770</u>
<i>General</i>				
Depreciation and amortization	8, 9	46,524,455	42,254,725	44,048,226
Security services		25,834,071	18,314,315	15,323,818
Publicity and promotions		6,615,235	8,033,477	4,966,479
Professional fees		6,306,848	5,416,097	1,510,752
Maintenance of art works		6,176,320	2,184,264	3,474,476
Taxes and licenses		1,985,560	445,275	2,078,976
Donation and charitable contributions		629,864	533,888	818,470
Others		2,896,714	5,582,853	2,827,613
		<u>96,969,067</u>	<u>82,825,224</u>	<u>75,048,810</u>
Total Operating Expenses		<u>P 1,164,729,736</u>	<u>P 1,076,741,499</u>	<u>P 1,042,752,573</u>

14. FINANCE INCOME

This account consists of:

	Notes	<u>2009</u>	2008	<u>2007</u>
Interest income from:				
Cash and cash equivalents	4	P 65,927,344	P 62,635,081	P 50,096,607
AFS financial assets	6	45,180,490	37,943,665	53,455,661
Advances to related party	17.1	4,895,036	3,164,618	7,917,733
HTM investments		1,672,563	2,679,885	2,667,123
Foreign exchange gains – net		<u>3,037,732</u>	-	-
		<u>P 120,713,165</u>	<u>P 106,423,249</u>	<u>P 114,137,124</u>

15. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

The University maintains a 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 recognized in the University's income statements amounted to P85.9 million in 2009, P63.4 million in 2008 and P49.0 million in 2007 (see Note 13).

The Fund's balance sheets as of December 31, 2008 and 2007 showed the following:

	<u>2008</u>	<u>2007</u>
Assets		
Money market placements	P 643,050,000	P 555,853,116
Receivables	38,547,269	40,186,159
Cash in banks	10,784,913	4,628,136
Others	<u>185,654</u>	<u>208,505</u>
	692,567,836	600,875,916
Liabilities	<u>(50,395,960)</u>	<u>(49,871,692)</u>
	<u>P 642,171,876</u>	<u>P 551,004,224</u>

16. INCOME TAXES

The components of the University's tax expense presented in the income statements are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current tax expense:			
Special rate at 10%	P 51,743,268	P 59,615,310	P 58,009,602
Final tax at 20%	<u>20,543,679</u>	<u>19,135,613</u>	<u>13,822,068</u>
	72,286,947	78,750,923	71,831,670
Deferred tax expense (income):			
Deferred tax arising from origination and reversal of temporary differences	<u>2,888,741</u>	(2,965,176)	(1,235,659)
	<u>P 75,175,688</u>	<u>P 75,785,747</u>	<u>P 70,596,011</u>

A reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense reported in the income statements follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax on pretax income at 10%	P 64,217,355	P 66,869,175	P 68,340,033
Adjustments for income subjected to higher tax rates	9,265,639	8,809,750	2,272,403
Derecognition of previously recognized deferred tax	1,700,000	-	-
Others	(<u>7,306</u>)	<u>106,822</u>	(<u>16,425</u>)
Tax expense	<u>P 75,175,688</u>	<u>P 75,785,747</u>	<u>P 70,596,011</u>

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

	<u>Balance Sheets</u>		<u>Income Statements</u>		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Deferred tax assets:					
Accrued rent expense	P 4,591,002	P 3,543,085	(1,047,917)	(P 1,131,710)	P 272,458
Allowance for impairment of receivables	1,414,626	1,187,233	(227,393)	(43,583)	(683,357)
Unearned income	-	1,685,492	1,685,492	(1,685,492)	-
Accrued donation	-	1,700,000	1,700,000	-	-
Unrealized foreign currency loss	-	474,786	474,786	(104,391)	(824,760)
Deferred tax liability –					
Unrealized foreign currency gains	(<u>303,773</u>)	-	<u>303,773</u>	-	-
Deferred tax expense (income)			<u>P 2,888,741</u>	<u>(P 2,965,176)</u>	<u>(P 1,235,659)</u>
Deferred tax assets – net	<u>P 5,701,855</u>	<u>P 8,590,596</u>			

The University availed of the Tax Incentives Provisions of Republic Act (R.A.) No. 8525, Adopt-a-School Act of 1998. Total benefit from the availment of this tax incentives provided under the R.A. is the sum of the amount of contribution/donation that were actually, directly and exclusively incurred for the Adopt-a-School Program, with limitations, conditions and rules set forth in

Section 34 (H) of the Tax Code and fifty percent (50%) of the amount of such contribution/donation.

17. RELATED PARTY TRANSACTIONS

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

17.1 Interest-bearing Advances

The University has outstanding cash advances to FRC with an aggregate principal amount of P100.0 million as of March 31, 2009 and 2008. This advances bear interest due quarterly based on 91-day Treasury bill rates ranging from 4.61% to 6.84% in 2009, 3.95% to 4.15% in 2008 and 3.00% to 6.63% in 2007. Total interest income earned from the advances amounted to P4.9 million in 2009, P3.2 million in 2008 and P8.0 million in 2007 which were presented as part of Finance Income in the income statements (see Note 14). The related outstanding interest receivables are shown as Accrued Interest under the Receivables account in the balance sheets (see Note 5).

17.2 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 advances to related parties under the Receivables accounts in the balance sheets arising from these transactions (see Note 5).

	<u>2008</u>	<u>Net Additions</u>	<u>2009</u>
FRC	P 2,341,650	P 775,647	P 3,117,297
FECSI	<u>-</u>	<u>1,866,708</u>	<u>1,866,708</u>
	<u>P 2,341,650</u>	<u>P 2,462,355</u>	<u>P 4,984,005</u>

17.3 Lease of Campus Premises from FRC

The University leases certain buildings located within the 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. Total rental expense charged to operations amounted to P56.2 million in 2009, P50.5 million in 2008 and P48.2 million 2007 under the Administrative Expenses (see Note 13) while there are no outstanding receivables as of the end of each year.

17.4 Lease of Certain Floor to FRC

The University leases the mezzanine floor of one of the University's building to FRC for a period of 10 years from September 1, 2007 to August 31, 2017, renewable upon mutual consent of both parties. 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 P800,000 in 2009 and P560,000 in 2008 which is shown as part of Rental under Other Income (Charges) in the income statements.

17.5 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 13) is as follows:

	<u>2009</u>		<u>2008</u>		<u>2007</u>
Short-term benefits	P 113,999,963	P	100,412,356	P	103,872,843
Retirement benefits	<u>18,063,955</u>		<u>16,321,494</u>		<u>13,592,380</u>
	<u>P 132,063,918</u>	P	<u>116,733,850</u>	P	<u>117,465,223</u>

18. EQUITY

18.1 Capital Stock

The University has 10 million shares of authorized capital stock, with P100 par value, of which 9,845,779 shares are issued as of March 31, 2009 and 7,043,699 shares are issued as of March 31, 2008 and 2007. Total outstanding shares are 9,808,448 shares as of March 31, 2009 and 7,006,368 shares as of March 31, 2008 and 2007 while 37,331 shares costing P3.7 million are held in treasury as of those dates.

18.2 Retained Earnings

Significant transactions affecting Retained Earnings, which is also restricted at an amount equivalent to the cost of treasury shares, are as follows:

(a) Appropriation of Retained Earnings

Appropriated Retained Earnings consists of appropriations for:

	<u>Note</u>	<u>2009</u>		<u>2008</u>		<u>2007</u>
Expansion of facilities		P 899,333,335	P	1,010,000,000	P	610,000,000
General retirement		57,000,000		57,000,000		7,000,000
Contingencies	20.3	18,765,682		20,161,414		20,161,414
Purchase of equipment and improvements		-		30,000,000		30,000,000
Acquisition of laboratory equipment		-		20,000,000		20,000,000
Repairs and improvements		<u>-</u>		<u>10,000,000</u>		<u>10,000,000</u>
		<u>P 975,099,017</u>	P	<u>1,147,161,414</u>	P	<u>697,161,414</u>

The BOT approved on June 26, 2007, P100 million and P50 million additional appropriations for expansion of facilities and general retirement, respectively, and again on March 25, 2008, an additional appropriation for school expansion of P300 million. In 2009, the University made a reversal of appropriations amounting to P172.1 million pertaining to expansion of facilities, repairs and improvements, acquisition of laboratory equipment and purchase of equipment and improvements.

(b) *Dividend Declaration*

The BOT approved the following dividend declarations in 2009, 2008 and 2007, respectively:

	<u>Date of</u>					
	<u>Declaration</u>	<u>Record</u>	<u>Payment</u>			
2009						
Cash dividend of P15 per share	June 17, 2008	July 7, 2008	July 21, 2008	P		105,095,520
40% stock dividend equivalent to 2,802,547 shares	August 23, 2008	September 15, 2008	October 9, 2008			280,208,000
467 fractional shares paid out in cash at P100 per share	August 23, 2008	September 15, 2008	October 9, 2008			46,720
Cash dividend of P15 per share	December 16, 2008	January 8, 2009	January 22, 2009			<u>147,126,720</u>
					P	<u>532,476,960</u>
2008						
Cash dividend of P15 per share	June 26, 2007	July 11, 2007	July 23, 2007	P		105,095,520
Cash dividend of P15 per share	December 18, 2007	January 7, 2008	January 17, 2008			105,095,520
Cash dividend of P15 per share	March 25, 2008	April 10, 2008	April 24, 2008			<u>105,095,520</u>
					P	<u>315,286,560</u>
2007						
Cash dividend of P15 per share	June 20, 2006	July 17, 2006	July 17, 2006	P		70,067,130
50% stock dividend equivalent to 2,335,226 shares	March 21, 2006	September 6, 2006	October 2, 2006			233,522,600
345 fractional shares paid out in cash at P100 per share	March 21, 2006	September 6, 2006	October 2, 2006			34,500
Cash dividend of P15 per share	December 19, 2006	January 5, 2007	January 15, 2007			<u>105,095,520</u>
					P	<u>408,719,750</u>

Unpaid dividends as of March 31, 2009 and 2008 are presented as dividends payable under Accounts Payable and Other Liabilities in the balance sheets (see Note 10).

(c) *Prior Period Adjustments*

Prior period adjustments were recorded by the University to correct the overstatement in the balances of Retained Earnings as of April 1, 2008, 2007 and 2006 mainly because of accrued interest receivable amounting to P30.3 million that was not reversed in previous years. This adjustment resulted in a decrease in the balances of Retained Earnings as of April 1, 2008, 2007, and 2006 from the previously reported amounts and a decrease in accrued interest receivable by the same amount. The other adjustments which affected income and expense in those years were merely offsetting; thus had no effect on Retained Earnings.

19. EARNINGS PER SHARE

Earnings per share amounts were computed as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net income	P 566,997,861	P 592,906,003	P 603,527,052
Divided by weighted average number of outstanding shares, net of treasury stock of 37,331 shares	<u>8,407,408</u>	<u>7,006,368</u>	<u>5,838,755</u>
Earnings per share	<u>P 67.44</u>	<u>P 84.62</u>	<u>P 103.37</u>

The weighted average number of shares outstanding as of March 31, 2009 is computed as follows:

	<u>Number of shares</u>	<u>Months outstanding</u>	<u>Weighted number of shares</u>
Balance at beginning of year	7,006,368	12	84,076,416
Issuance on October 9, 2008	<u>2,802,080</u>	6	<u>16,812,480</u>
Balance at end of year	<u><u>9,808,448</u></u>		100,888,896
Divided by total months as of March 31, 2009			<u>12</u>
Weighted average number of shares outstanding			<u><u>8,407,408</u></u>

The weighted average number of shares outstanding as of March 31, 2007 is computed as follows:

	<u>Number of shares</u>	<u>Months outstanding</u>	<u>Weighted number of shares</u>
Balance at beginning of year	4,671,142	12	56,053,704
Issuance on October 2, 2006	<u>2,335,226</u>	6	<u>14,011,356</u>
Balance at end of year	<u><u>7,006,368</u></u>		70,065,060
Divided by total months as of March 31, 2007			<u>12</u>
Weighted average number of shares outstanding			<u><u>5,838,755</u></u>

There were no stock issuance in 2008, hence, the weighted average number of shares outstanding is equivalent to the total outstanding shares as of March 31, 2008.

Diluted earnings per share were not determined since the University does not have dilutive shares as of March 31, 2009, 2008 and 2007.

20. COMMITMENTS AND CONTINGENCIES

20.1 Operating Lease Commitments – University as Lessee

The University is a lessee under non-cancellable operating leases covering certain buildings. The lease has 10-year terms with renewal options and includes annual escalation rates of 10%. The future minimum rentals payable under these non-cancellable operating leases are as follows as of March 31:

	<u>2009</u>	<u>2008</u>
Within one year	P 39,375,281	P 35,795,710
After one year but not more than five years	201,014,828	182,740,740
More than five years	<u>79,636,542</u>	<u>137,285,912</u>
	<u>P 320,026,651</u>	<u>P 355,822,362</u>

20.2 Operating Lease Commitments – University as Lessor

The University leases out certain buildings to EAEF for a period of one to ten years until August 31, 2017 (see Note 8). Total rent income recognized in the University's income statements amounted to P22.9 million in 2009, P25.5 million in 2008 and P42.0 million in 2007.

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Within one year	P 28,666,776	P 17,483,208
After one year but not more than five years	114,667,104	69,932,832
More than five years	<u>86,000,328</u>	<u>69,932,832</u>
	<u>P 229,334,208</u>	<u>P 157,348,872</u>

20.3 Legal Claims

As of March 31, 2009 and 2008, 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.

The University's management and its legal counsel believe that the 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 these contingencies (see Note 18.2).

20.4 Others

There are other contingencies that arise in the normal course of business that are not recognized in the University's financial statements. However, management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements.

21. 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 actively 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 below.

21.1 Interest Rate Sensitivity

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	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	4	P 1,180,261,852	P 1,224,663,998
AFS investments	6	1,073,109,957	840,687,402
Due from a related party	17.1	<u>100,000,000</u>	<u>100,000,000</u>
		<u>P 2,353,371,809</u>	<u>P 2,165,351,400</u>

The following table illustrates the sensitivity of income 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, 2009 and 2008.

	<u>2009</u>		<u>2008</u>	
	<u>Reasonably possible change in rate</u>	<u>Effect on income before tax</u>	<u>Reasonably possible change in rate</u>	<u>Effect on income before tax</u>
Cash and cash equivalents	+/-2.67 %	P 31,423,827	+/-1.35 %	P 16,574,626
AFS investments	+/-2.83%	28,147,720	+/-1.54%	11,117,533
Due from a related party	+/-2.73%	<u>2,733,463</u>	+/-2.76 %	<u>2,761,040</u>
		<u>P 62,305,010</u>		<u>P 30,453,199</u>

21.2 Credit Risk

Credit risk represents the loss the University would incur if the counterparty failed to perform under its contractual obligations. The University's exposure to credit risk on its receivables related primarily to the inability of the debtors to pay and students to fully settle the unpaid balance of tuition fees and other charges which are owed to the University based on installment payment schemes. The University has established controls and procedures in its credit policy to determine and to monitor the credit worthiness of the students based on relevant factors. Also, 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 balance, thus ensuring that collectibility is reasonably assured. The University's exposure to credit risk on its other receivable from debtors and related parties is managed through close account monitoring and setting limits.

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

With respect to credit risk arising from cash and cash equivalents, receivables, due from a related party, AFS investments and HTM investments, the University's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The maximum exposure to credit risk at the balance sheet date is as follows:

	Notes	2009	2008
Cash and cash equivalents	4	P 1,180,261,852	P 1,224,663,998
Receivables	5	133,310,657	111,845,027
AFS investments	6	1,073,109,957	840,687,402
Due from a related party	17	100,000,000	100,000,000
HTM investments		<u>20,000,000</u>	<u>32,071,040</u>
		<u>P 2,506,682,466</u>	<u>P 2,309,267,467</u>

The table below shows the credit quality of the University's receivables which are the only financial assets as of March 31, 2009 and 2008 (presented in '000s) having past due but not impaired components.

		Neither past due nor impaired	Past due		Total
			Impaired (see Note 5)	Not impaired	
2009					
Tuition and other fees	P	35,325	P 14,146	P 14,775	P 64,246
Related party		4,984	-	-	4,984
Employees		11,480	-	-	11,480
Others		<u>66,747</u>	-	-	<u>66,747</u>
		<u>P 118,536</u>	<u>P 14,146</u>	<u>P 14,775</u>	<u>P 147,457</u>
2008					
Tuition and other fees	P	15,808	P 11,872	P 26,692	P 54,372
Related party		2,342	-	-	2,342
Employees		9,146	-	-	9,146
Others		<u>57,858</u>	-	-	<u>57,858</u>
		<u>P 85,154</u>	<u>P 11,872</u>	<u>P 26,692</u>	<u>P 123,718</u>

The age of past due but not impaired receivables is about six months for both years.

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

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

21.3 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 balance sheet date comprise of accounts payable and accrued expenses and dividends payables which are all short-term in nature and have contractual maturities of less than 12 months.

21.4 Other Price Risk Sensitivity

The University's exposure to price risk arises from its investments in equity and debt securities, which are classified as AFS investments in the balance sheets.

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

AFS investments consist of publicly listed equity securities and government securities which are carried at fair value and non-listed equity securities for which no fair value information is available and that are therefore carried at cost.

For equity securities listed in the Philippines, an average volatility of 36.68% and 56.14% has been observed during 2009 and 2008, respectively. If quoted price for these securities increased or decreased by that amount income before tax would have changed by P7.1 million and P9.8 million in 2009 and 2008, respectively.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the University's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the University's favor.

22. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Notes	2009		2008	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Loans and receivables:					
Cash and cash equivalents	4	P 1,180,261,852	P 1,180,261,852	P 1,224,663,998	P 1,224,663,998
Receivables	5	133,310,657	133,310,657	111,845,027	111,845,027
Due from a related party		100,000,000	100,000,000	100,000,000	100,000,000
		<u>1,413,572,509</u>	<u>1,413,572,509</u>	<u>1,436,509,025</u>	<u>1,436,509,025</u>
AFS investments:					
Debt securities	6	1,053,371,205	1,053,371,205	815,585,043	815,585,043
Equity securities		19,738,752	19,738,752	25,102,359	25,102,359
		<u>1,073,109,957</u>	<u>1,073,109,957</u>	<u>840,687,402</u>	<u>840,687,402</u>
HTM investments –					
Debt securities		20,000,000	20,000,000	32,071,040	32,071,040
		<u>2,506,682,466</u>	<u>2,506,682,466</u>	<u>2,309,267,467</u>	<u>2,309,267,467</u>
Financial liabilities					
Financial liabilities at amortized cost –					
Accounts payable and other liabilities	10	<u>P 380,536,852</u>	<u>P 380,536,852</u>	<u>P 430,264,990</u>	<u>P 430,264,990</u>

See Notes 2.4 and 2.7 for a description of the accounting policies for each category of financial instruments. A description of the University's risk management objectives and policies for financial instruments is provided in Note 21.

23. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Capital for the reporting period March 31, 2009 and 2008 under review is summarized as follows:

	<u>2009</u>	<u>2008</u>
Total debt	P 558,143,441	P 572,074,759
Total equity	2,902,488,102	2,587,759,201
Debt-to-equity ratio	<u>0.19 : 1.00</u>	<u>0.22 : 1.00</u>

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

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

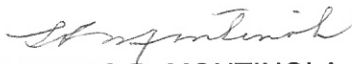
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

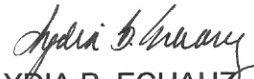
The management of Far Eastern University, Inc. and Subsidiaries is responsible for all information and representations contained in the consolidated statements for the years ended March 31, 2007, 2008 and 2009. The consolidated statements have been prepared in conformity with financial reporting standards in the Philippines/Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. The management likewise discloses to the University and its Subsidiaries' audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Trustees reviews the consolidated statements before such statements are approved and submitted to the stockholders of the company.

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


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



LYDIA B. ECHAÜZ
 President and
 Chief Operating Officer


FE V. CANILAO
 Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 13th day of July 2009, affiants exhibiting their Community Tax Certificates as follows:

<u>Name</u>	<u>CTC</u>	<u>Date/Place Issued</u>
Lourdes R. Montinola	12373997	1-20-09/Makati City
Lydia B. Echaüz	19036895	1-12-09/Manila
Fe V. Canilao	02245804	3-31-09/Manila

Doc. No. 1000
 Page No. 107
 Book No. III
 Series of 2009.


ATTY. ENRIQUE C. CULERA
NOTARY PUBLIC
 UNTIL DECEMBER 2010
 PTR NO. 727907-01.07.09. MANILA
 IBP NO. 769232-01.07.09. PPLM



Punongbayan & Araullo

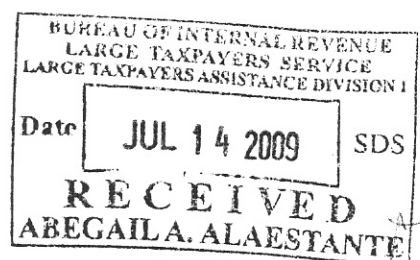
Member of Grant Thornton International Ltd

Consolidated Financial Statements and Independent Auditors' Report

Far Eastern University, Inc. and Subsidiaries

March 31, 2009

(With Comparative Figures for 2008 and 2007)



Report of Independent Auditors

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

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

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

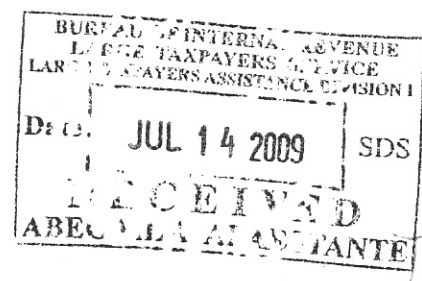
We have audited the accompanying financial statements of Far Eastern University, Inc. and subsidiaries, which comprise the consolidated balance sheet as at March 31, 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to consolidated financial statements comprising of a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 2009 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Far Eastern University, Inc. and subsidiaries as of March 31, 2009, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

We have also audited the adjustments described in Note 19 that were applied to restate the 2008 and 2007 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Other Matter

The consolidated financial statements of Far Eastern University, Inc. and subsidiaries as of and for the year ended March 31, 2008 were audited by other auditors whose report, dated July 14, 2008, expressed an unqualified opinion on those statements prior to restatement.

PUNONGBAYAN & ARAULLO


By: **Jessie C. Carpio**
Partner

CPA Reg. No. 0057831

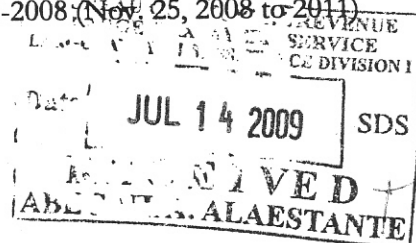
TIN 109-227-789

PTR No. 1566062, January 5, 2009, Makati City

SEC Accreditation No. 0011-AR-2

BIR AN 08-002511-6-2008 (Nov. 25, 2008 to 2011)

June 19, 2009



FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
MARCH 31, 2009
(With Comparative Figures for 2008)
(Amounts in Philippine Pesos)

	Notes	2009	2008 (As restated - see Note 19)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 1,231,350,003	P 1,283,504,611
Receivables - net	5	138,151,928	113,434,183
Available-for-sale investments	6	1,088,109,957	840,687,402
Held-to-maturity investments		20,000,000	-
Real estate held for sale	7	189,052,542	189,052,542
Other current assets		32,186,523	58,405,219
		2,698,850,953	2,485,083,957
Total Current Assets			
NON-CURRENT ASSETS			
Held-to-maturity investments		-	32,071,040
Investments in an associate	8	7,055,963	7,105,379
Investment property - net	9	364,903,545	363,737,216
Property and equipment - net	10	783,637,710	660,984,778
Deferred tax assets	17	9,228,791	11,357,319
Other non-current assets		26,151,492	17,816,657
		1,190,977,501	1,093,072,389
Total Non-current Assets			
		P 3,889,828,454	P 3,578,156,346
TOTAL ASSETS			
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable and other liabilities	11	P 349,657,377	P 420,350,624
Deferred income	13	76,555,105	24,287,583
Income tax payable		48,721,315	54,676,608
Notes payable	10	3,103,359	1,895,782
		478,037,156	501,210,597
Total Current Liabilities			
NON-CURRENT LIABILITIES			
Trust funds	12	58,490,641	76,162,222
Notes payable	10	10,327,238	-
Deferred tax liabilities	17	13,170,629	12,117,687
		81,988,508	88,279,909
Total Non-current Liabilities			
		560,025,664	589,490,506
Total Liabilities			

Forward

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
EQUITY			
Equity attributable to equity holders of FEU			
Capital stock	19	984,577,900	704,369,900
Treasury stock	19	(3,733,100)	(3,733,100)
Accumulated fair value gains (losses)	6	(9,533,437)	1,233,243
Retained earnings	19		
Appropriated		975,099,017	1,147,161,414
Unappropriated		1,068,447,399	843,661,207
Total equity attributable to equity holders of FEU		3,014,857,779	2,692,692,664
Minority interest		314,945,011	295,973,176
Total Equity		3,329,802,790	2,988,665,840
TOTAL LIABILITIES AND EQUITY		<u>P 3,889,828,454</u>	<u>P 3,578,156,346</u>

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED MARCH 31, 2009
(With Comparative Figures for 2008 and 2007)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2009</u>	<u>2008</u> (As restated - see Note 19)	<u>2007</u> (As restated - see Note 19)
REVENUES				
Educational income				
Tuition fees - net	13	P 1,611,808,467	P 1,580,683,033	P 1,565,968,902
Miscellaneous		<u>50,280,810</u>	<u>33,146,510</u>	<u>30,085,666</u>
		1,662,089,277	1,613,829,543	1,596,054,568
Rentals	9	<u>50,437,726</u>	<u>41,289,534</u>	<u>47,795,017</u>
		1,712,527,003	1,655,119,077	1,643,849,585
OPERATING EXPENSES	14	<u>1,148,587,556</u>	<u>1,059,786,062</u>	<u>1,017,528,871</u>
OPERATING INCOME		<u>563,939,447</u>	<u>595,333,015</u>	<u>626,320,714</u>
OTHER INCOME (CHARGES)				
Finance income	15	120,856,838	106,418,765	111,293,760
Finance costs	5	(17,581,639)	(22,882,403)	(16,390,810)
Equity in net losses of an associate	8	(49,416)	(24,732)	(36,104)
Miscellaneous	5	<u>25,124,699</u>	<u>22,508,767</u>	<u>(10,784,558)</u>
		<u>128,350,482</u>	<u>106,020,397</u>	<u>84,082,288</u>
INCOME BEFORE TAX		692,289,929	701,353,412	710,403,002
PREACQUISITION INCOME	1	<u>3,999,262</u>	-	-
INCOME BEFORE TAX		696,289,191	701,353,412	710,403,002
TAX EXPENSE	17	<u>86,995,739</u>	<u>87,546,984</u>	<u>82,332,451</u>
NET INCOME		<u>P 609,293,452</u>	<u>P 613,806,428</u>	<u>P 628,070,551</u>
Attributable to:				
Equity holders of FEU		<u>P 585,200,755</u>	<u>P 600,693,262</u>	<u>P 612,666,167</u>
Minority interest		<u>24,092,697</u>	<u>13,113,166</u>	<u>15,404,384</u>
		<u>P 609,293,452</u>	<u>P 613,806,428</u>	<u>P 628,070,551</u>
Earnings Per Share	20	<u>P 69.61</u>	<u>P 85.74</u>	<u>P 104.93</u>

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2009
(With Comparative Figures for 2008 and 2007)
(Amounts in Philippine Pesos)

	Notes	2009	2008 (As restated - see Note 19)	2007 (As restated - see Note 19)
EQUITY ATTRIBUTABLE TO EQUITY				
HOLDERS OF FEU				
CAPITAL STOCK				
	19			
Balance at beginning of year		P 704,369,900	P 704,369,900	P 470,847,300
Issuance during the year		<u>280,208,000</u>	<u>-</u>	<u>233,522,600</u>
Balance at end of year		<u>984,577,900</u>	<u>704,369,900</u>	<u>704,369,900</u>
TREASURY STOCK - at cost	19	(<u>3,733,100</u>)	(<u>3,733,100</u>)	(<u>3,733,100</u>)
ACCUMULATED FAIR VALUE GAINS (LOSSES)				
	6			
Balance at beginning of year		1,233,243	5,571,316	(5,401,450)
Fair value gains (losses)		(8,016,082)	1,176,093	5,404,436
Cumulative net fair value loss (gain) reclassified to profit and loss during the year		(<u>2,750,599</u>)	(<u>5,514,166</u>)	<u>5,568,330</u>
Balance at end of year		(<u>9,533,437</u>)	<u>1,233,243</u>	<u>5,571,316</u>
RETAINED EARNINGS				
	19			
Appropriated				
Balance at beginning of year		1,147,161,414	697,161,414	697,161,414
Appropriations for the year		-	450,000,000	-
Reversal of appropriations		(<u>172,062,397</u>)	<u>-</u>	<u>-</u>
Balance at end of year		<u>975,099,017</u>	<u>1,147,161,414</u>	<u>697,161,414</u>
Unappropriated				
Balance at beginning of year				
As previously reported		873,954,674	1,028,997,472	825,051,055
Prior period adjustments		(<u>30,293,467</u>)	(<u>20,742,967</u>)	(<u>20,742,967</u>)
As restated		843,661,207	1,008,254,505	804,308,088
Net income		585,200,755	600,693,262	612,666,167
Cash dividends		(<u>252,268,960</u>)	(<u>315,286,560</u>)	(<u>175,197,150</u>)
Stock dividends		(<u>280,208,000</u>)	<u>-</u>	(<u>233,522,600</u>)
Reversal of appropriations		172,062,397	-	-
Appropriations for the year		<u>-</u>	(<u>450,000,000</u>)	<u>-</u>
Balance at end of year		<u>1,068,447,399</u>	<u>843,661,207</u>	<u>1,008,254,505</u>
Total Retained Earnings		<u>2,043,546,416</u>	<u>1,990,822,621</u>	<u>1,705,415,919</u>
Total Equity Attributable to Equity Holders of FEU		<u>3,014,857,779</u>	<u>2,692,692,664</u>	<u>2,411,624,035</u>
MINORITY INTEREST				
Balance at beginning of year		295,973,176	282,860,010	267,455,626
Decrease in minority interest		(<u>5,120,862</u>)	<u>-</u>	<u>-</u>
Share in net income		<u>24,092,697</u>	<u>13,113,166</u>	<u>15,404,384</u>
Balance at end of year		<u>314,945,011</u>	<u>295,973,176</u>	<u>282,860,010</u>
TOTAL EQUITY		<u>P 3,329,802,790</u>	<u>P 2,988,665,840</u>	<u>P 2,694,484,045</u>
Net Gains (Losses) Recognized Directly in Equity	6	<u>(P 8,016,082)</u>	<u>P 1,176,093</u>	<u>P 5,404,436</u>

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2009
(With Comparative Figures for 2008 and 2007)
(Amounts in Philippine Pesos)

	Notes	2009	2008 (As restated - see Note 19)	2007 (As restated - see Note 19)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P 696,289,191	P 701,353,412	P 710,403,002
Adjustments for:				
Interest income	15	(117,819,106)	(106,418,765)	(111,293,760)
Depreciation	14	52,944,002	46,899,496	46,809,097
Impairment loss on receivables	5	17,581,234	17,450,897	12,686,351
Preacquisition income	1	(3,999,262)	-	-
Unrealized foreign exchange gains (losses)		(3,037,732)	4,747,861	3,704,460
Gain on disposal of property and equipment		(726,424)	-	(102,083)
Equity in net losses of associates	8	49,416	24,732	36,104
Loss on sale of investment		-	2,842,069	20,865,189
Operating income before working capital changes		641,281,319	666,899,702	683,108,360
Decrease (increase) in receivables		(33,857,347)	(20,511,779)	8,795,259
Increase in real estate held for sale		-	(232,386)	(7,264,452)
Decrease (increase) in other current assets		23,373,830	(27,603,716)	(12,114,581)
Increase (decrease) in accounts payable and other liabilities		(13,086,542)	51,897,736	28,956,845
Increase (decrease) in deferred income		52,267,522	16,722,873	(844,082)
Increase (decrease) in trust funds		(17,671,581)	(25,109,062)	18,958,605
Cash generated from operations		652,307,201	662,063,368	719,595,954
Income taxes paid		(86,924,696)	(78,126,826)	(74,422,131)
Net cash provided by operating activities		<u>565,382,505</u>	<u>583,936,542</u>	<u>645,173,823</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in available-for-sale investments - net	6	(258,189,235)	(13,871,477)	(433,489,139)
Acquisitions of property and equipment	10	(147,865,322)	(48,697,844)	(17,685,700)
Interest received		109,929,197	87,525,308	87,387,246
Acquisitions of investment property	9	(15,723,242)	(96,147,971)	(16,134,359)
Decrease (increase) in held-to-maturity investments		12,071,040	257,510	(19,703,753)
Decrease (increase) in other non-current assets		(8,334,835)	(2,160,606)	14,464,962
Additional investment in a subsidiary		(1,121,600)	-	-
Proceeds from disposal of property and equipment		726,424	-	175,000
Net Cash Used in Investing Activities		<u>(308,507,573)</u>	<u>(73,095,080)</u>	<u>(384,985,743)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	19	(309,875,665)	(194,554,457)	(171,265,921)
Payment of notes payable	10	(2,191,607)	(1,753,954)	(1,333,557)
Net Cash Used in Financing Activities		<u>(312,067,272)</u>	<u>(196,308,411)</u>	<u>(172,599,478)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		<u>3,037,732</u>	<u>(6,607,781)</u>	<u>(3,703,946)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(52,154,608)</u>	307,925,270	83,884,656
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,283,504,611</u>	<u>975,579,341</u>	<u>891,694,685</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>P 1,231,350,003</u>	<u>P 1,283,504,611</u>	<u>P 975,579,341</u>

Supplemental information on noncash investing and financing activities:

- 1) The University declared and issued stock dividends amounting to P280.2 million in 2009 and P233.5 million in 2007 (see Note 19.2).
- 2) In 2009, 2008 and 2007, the University declared cash dividends totaling P252.3 million, P315.3 million and P175.2 million, respectively, of which P24.6 million and P119.5 million remained unpaid as of March 31, 2009 and 2008, respectively (see Notes 11 and 19).
- 3) In September 2008, a subsidiary acquired a condominium unit by applying P6.7 million advance payments made to the developer and issuing a promissory note for P13.4 million for the remaining cost of the unit (see Note 10).

FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(With Comparative Figures for 2008 and 2007)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Far Eastern University, Inc. (the University or parent company) is a domestic educational institution founded in June of 1928 and incorporated on January 5, 1933. 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 Law; and Institute of Graduate Studies.

The University became a listed corporation in the Philippine Stock Exchange on July 11, 1986.

As of March 31, 2009, 2008 and 2007, the University holds interest in the following subsidiaries and associate which were all incorporated and operating in the Philippines:

Company Name	Percentage of Ownership		
	2009	2008	2007
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	100%	100%	100%
Far Eastern College-Silang, Inc. (FECSI)	100%	-	-
Fern Realty Corporation (FRC)	37.52%	36.73%	36.73%
Associate –			
Juliana Management Co., Inc. (JMCI)	49%	49%	49%

FECSI was incorporated on January 21, 2009 but has not yet started commercial operations as of March 31, 2009. FECSI and EACCI, similar to the University, were also established to operate as educational institutions. FRC, on the other hand, operates as a real estate company leasing most of its investment properties to the University and other related parties. The parent company and the subsidiaries are collectively referred to as the Group.

As of March 31, 2009 and 2008, the Group has only one significant segment as revenues generated from the real estate transactions of FRC represent only about 2% to 3% of the total revenues of the Group; hence no segment information and disclosures are presented in the Group's financial statements.

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

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

The consolidated financial statements of the Group for the year ended March 31, 2009 (including the comparatives as restated for the years ended March 31, 2008 and 2007) were authorized for issue by the Board of Trustees (BOT) on June 19, 2009.

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 Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards

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

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies that follow.

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

c. Reclassification of Certain Accounts

Certain accounts in the 2008 and 2007 consolidated financial statements have been reclassified to conform with the 2009 presentation and classification.

2.2 *Impact of New Amendments and Interpretations to Existing Standards*

(a) *Effective in fiscal year 2009 that are relevant to the Group*

Of the amendments and interpretations that are effective for the fiscal year 2009, only PAS 39 and PFRS 7 (Amendments), *PAS 39, Financial Instruments: Recognition and Measurements* and PFRS 7, *Financial Instruments: Disclosures* (effective from July 1, 2008), are relevant to the Group. The amendments permit an entity to:

- (i) Reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of fair value through profit or loss category in particular circumstances; and,
- (ii) Transfer from the available for sale category to the loans and receivable category those financial assets that would have met the definition of loans and receivables, provided that the entity has the intention and the ability to hold those financial assets for the foreseeable future.

The amendments are applicable in a partially retrospective manner up to July 1, 2008 provided that the reclassification was made on or before November 15, 2008, the cut-off date set by the FRSC. After the cut-off date, all reclassifications will only take effect prospectively. As the Group did not exercise the option to reclassify its financial assets, the adoption of these amendments has no impact on its 2009 consolidated financial statements.

(b) *Effective in fiscal year 2009 but not relevant to the Group*

Philippine Interpretation IFRIC 11	:	PFRS 2 – Group and Treasury Share Transactions
Philippine Interpretation IFRIC 12	:	Service Concession Agreements
Philippine Interpretation IFRIC 14	:	PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

(c) *Effective subsequent to fiscal year 2009*

There are new and amended standards and Philippine Interpretations that are effective beginning on or after January 1, 2009 but not required to be adopted by the Group until after fiscal year 2009. Of those new standards, the following are relevant to the Group and which it will apply in accordance with their transitional provisions.

PAS 1 (Revised 2007)	:	Presentation of Financial Statements
PAS 23 (Revised 2007)	:	Borrowing Costs
PAS 27 (Amendments)	:	Consolidated and Separate Financial Statements
PFRS 3 (Revised)	:	Business Combinations
PFRS 8	:	Operating Segments

Philippine Interpretation IFRIC 15	:	Agreements for the Construction of Real Estate
Philippine Interpretation IFRIC 17	:	Distribution of Non-cash Assets to Owners
Various Standards	:	2008 Annual Improvements to PFRS

Below is a discussion of the possible impact of these accounting standards on the Group's financial statements.

- (i) PAS 1 (Revised 2007), *Presentation of Financial Statements* (effective from January 1, 2009). The amendment requires an entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate income statement and a statement of comprehensive income. The income statement shall disclose income and expense recognized in profit and loss in the same way as the current version of PAS 1. The statement of comprehensive income shall disclose profit or loss for the period, plus each component of income and expense recognized outside of profit and loss classified by nature (e.g., gains or losses on available-for-sale assets or translation differences related to foreign operations). Changes in equity arising from transactions with owners are excluded from the statement of comprehensive income (e.g., dividends and capital increase). An entity would also be required to include in its set of financial statements a statement showing its financial position (or balance sheet) at the beginning of the previous period when the entity retrospectively applies an accounting policy or makes a retrospective restatement. The Group will apply PAS 1 (Revised 2007) in its 2010 consolidated financial statements.
- (ii) PAS 23 (Revised 2007), *Borrowing Costs* (effective from January 1, 2009). Under the revised PAS 23, all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The option of immediately expensing borrowing costs that qualify for asset recognition has been removed. The Group has initially determined that adoption of this new standard will not have significant effects on the financial statements for 2010, as well as for prior and future periods, as the Group's current accounting policy is to capitalize all interest directly related to qualifying assets.
- (iii) PAS 27 (Amendment), *Consolidated and Separate Financial Statements* (effective from July 1, 2009). The amendment mainly relates to changes in the accounting for non-controlling interest and the loss of control of a subsidiary. The amendment to standard is not expected to have significant impact on the consolidated financial statements.

- (iv) PFRS 3 (Revised 2007), *Business Combinations* (effective from July 1, 2009). The revised standard includes in its scope business combinations involving only mutual entities, and those in which separate entities or businesses are brought together to form a reporting entity by contract alone. All business combinations are accounted for by applying the acquisition method (referred to previously as the purchase method). The adoption of this revised standard is not expected to have significant impact on the consolidated financial statements.
- (v) PFRS 8, *Operating Segments*. Under this new standard, a reportable operating segment is identified based on the information about the components of the entity that management uses to make decisions about operating matters. In addition, segment assets, liabilities and performance, as well as certain disclosures, are to be measured and presented based on the internal reports prepared for and reviewed by the chief decision makers. The adoption of this new standard will not have a material impact on the Group's financial statements, as currently, the Group has only one significant segment.
- (vi) Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate* (effective from January 1, 2012). This Interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*, and accordingly, when revenue from construction should be recognized. It is likely to result in PAS 18 being applied to a wider range of transactions. IFRIC 15 is not expected to have a significant effect on the Group's operations as all real estate transactions are accounted for under PAS 18 or PAS 11.
- (vii) Philippine Interpretation IFRIC 17, *Distribution of Non-cash Assets to Owners* (effective from July 1, 2009). IFRIC 17 clarifies that a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. Also, an entity should measure the dividend payable at the fair value of the net assets to be distributed and the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The Group will apply the standard prospectively starting April 1, 2010.
- (viii) 2008 Annual Improvements to PFRS. The FRSC has adopted the *Improvements to International Financial Reporting Standards 2008*. These amendments become effective in the Philippines in annual periods beginning on or after January 1, 2009. The Group expects the amendments to the following standards to be relevant to the Group's accounting policies:

- PAS 16 (Amendment), *Property, Plant and Equipment* and consequential amendment to PAS 7, *Statement of Cash Flows*. The amendment clarifies that an entity in the course of ordinary activities, sells property, plant and equipment that was held for rental transfers the property, plant and equipment to inventories at carrying amount when they ceased to be rented and are held for sale. A consequential amendment to PAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. Also, the term “net selling price” has been replaced with “fair value less cost to sell” in the definition of recoverable amount so as to achieve consistency with the terminology used in PFRS 5. The amendment is not expected to have a significant impact on the Group’s consolidated financial statements.
- PAS 23 (Amendment), *Borrowing Costs*. The amendment clarifies the definition of borrowing costs to include interest expense determined using the effective interest method under PAS 39. This amendment will be applied by the Group in 2010; however, management expects its effect to be insignificant.
- PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement*. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was changed. A financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. The Group initially determined that adoption of this amendment will not have a material effect on its 2009 consolidated financial statements.
- PAS 40 (Amendment), *Investment Property*. PAS 40 is amended to include property under construction or development for future use as investment property in its definition of investment property. This results in such property being within the scope of PAS 40; previously, it was within the scope of PAS 16. Also, if an entity’s policy is to measure investment property at fair value, but during construction or development of an investment property the entity is unable to reliably measure its fair value, then the entity would be permitted to measure the investment property at cost until construction or development is complete. At such time, the entity would be able to measure the investment property at fair value.

Minor amendments are made to several other standards; however, those amendments are not also expected to have a material impact on the Group’s consolidated financial statements.

2.3 Consolidation and Investment in an Associate

The consolidated financial statements comprise the financial statements of the University and its subsidiaries as of March 31, 2009 and 2008 and for each of the three years in the period ended March 31, 2009. The financial statements of subsidiaries are prepared for the same reporting year, except for EACCI whose fiscal year ends at April 30, as the University using consistent accounting policies. Amounts reported in the financial statements of subsidiaries and associate have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

All intercompany balances and transactions with subsidiaries, including unrealized gains and losses arising from intercompany transactions, have been eliminated in full in consolidation. Intercompany losses, if any, that indicate impairment are recognized in the consolidated financial statements.

The Group accounts for its investments in subsidiaries, associate and minority interest as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the University has the power to control the financial and operating policies. The University obtains and exercises control through voting rights.

Subsidiaries are consolidated from the date the University obtains control until such time that such control ceases.

Acquired subsidiaries are subject to application of the purchase method for acquisitions. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Goodwill represents the excess of the cost of an acquisition of a subsidiary or associate over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is presented under Other Noncurrent Assets in the consolidated balance sheet. Goodwill on acquisitions of associates is included in the carrying value of investments in associates. Goodwill is tested annually for impairment (see Note 2.13). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(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. Investments in associate is initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in 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 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 within Equity in Net Losses of an Associate in the Group's consolidated income statements and therefore affect the net results of operations of the Group.

In computing the Group's share in net earnings or losses of its associate, unrealized gains or losses on transactions between the 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) *Transactions with Minority Interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals of shares to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases of shares from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2.4 Financial Assets

Financial assets include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale 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. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Regular purchase and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated income statement.

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

(a) *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 balance sheet date which are classified as non-current assets.

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

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents and Receivables in the consolidated balance sheet.

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

(b) *Held-to-maturity Investments*

This includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to-maturity if the Group has the positive intention and ability to hold them until maturity which is presented as Held-to-maturity Investments in the non-current section of the consolidated balance sheet, except those maturing within 12 months of the balance sheet date. Investments intended to be held for an undefined period are not included in this classification.

Held-to-maturity investments are measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

(c) *Available-for-sale Financial Assets*

This include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. These are presented as Available-for-sale Investments in the non-current section of the consolidated balance sheet unless management intends to dispose of the investment within 12 months from the balance sheet date.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the income statement when they are sold or when the investment is impaired.

In the case of impairment, the cumulative loss previously recognized directly in equity is transferred to the consolidated income statement. If circumstances change, impairment losses on available-for-sale equity instruments are not reversed through the income statement. On the other hand, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in income statement, the impairment loss is reversed through the income statement.

Impairment losses recognized on financial assets are presented as part of Finance Costs in the consolidated income statement.

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 balance sheet date. 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. All income and expense relating to financial assets recognized in profit or loss are presented in the consolidated income statement line item Finance Income and Finance Costs, respectively.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.5 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 and development, which is considered as the normal operating cycle of the Group with respect to its development and sale of real estate properties.

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 and 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. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is 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 a condominium unit acquired from a developer and is still under construction is stated at cost. This represents the cost of acquisition including applicable finance cost and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

Buildings and improvements	20 to 50 years
Land improvements	5 years

An investment property's carrying amount is written down immediately to its recoverable amount if the property's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

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 the consolidated income statement in the year of retirement or disposal.

Transfer are made to investment property when, and only when, there is a change in use, evidence by the end of owner-occupation, 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-occupation or commencement of development with a view to sell.

2.8 Financial Liabilities

Financial liabilities include accounts payable and other liabilities and notes payable, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in the consolidated income statement under the caption Finance Costs.

The liabilities are initially recognized at their fair value and subsequently measured at amortized cost less settlement payments.

Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through discharge, cancellation or expiration.

2.9 Provisions

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 balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. 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. In addition, where 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.

Provisions are reviewed at each balance sheet date 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.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements.

2.10 Revenue and Expense Recognition

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 Fees* – Tuition and other fees are recognized as income over the corresponding school term.
- (b) *Rental* – Revenue is recognized in the consolidated income statement 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 Income in the consolidated balance sheet.
- (c) *Interest* – Revenue is recognized as the interest accrues (taking into account the effective yield on the asset).

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 trade discounts.

Cost and expenses are recognized in the consolidated income statement upon receipt of goods, utilization of service or at the date such cost and expenses are incurred.

2.11 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 are recognized as expense in the consolidated income statement 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 as income in the consolidated income statement on a straight-line basis over the lease term.

2.12 Foreign Currency Transactions

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

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

2.13 Impairment of Non-financial Assets

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

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

2.14 Employee Benefits

(a) Retirement Benefit Obligations

Pension benefits are provided to employees through a defined contribution plan.

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

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date 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 balance sheet date. They are included in Accounts Payable and Other Liabilities account at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.15 Trust Funds

This represents restricted funds of the University that are intended for student welfare, development, loan, assistance and scholarship fund, and for other specific educational purposes. The University administers the use of these funds based on the specific purpose such funds are identified with.

2.16 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 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.

2.17 Income Taxes

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 balance sheet date. 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 the consolidated income statement.

Deferred tax is provided, using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the balance sheet 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 deferred income tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the consolidated income statement.

2.18 Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

2.19 Equity

Capital stock is determined using the nominal value of shares that have been issued.

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

Accumulated fair value gains (losses) comprise gains and losses due to the revaluation of available-for-sale financial assets.

Retained earnings include all current and prior period results as reported in the consolidated income statement. The appropriated portion represents the amount which is not available for distribution.

2.20 Earnings Per Share

Basic earnings per share are determined by dividing net income 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 are 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 income statement.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Group'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 circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Judgments in Applying Accounting Policies

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

(a) Classification of Held-to-maturity Investments

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as bonds, as held-to-maturity investments the Group evaluates its intention and ability to hold such investments up to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances as allowed under the standards, it will be required to reclassify the whole class as available-for-sale financial assets. In such a case, the investments would therefore be measured at fair value, not amortized cost.

As of March 31, 2009 and 2008, there are no held-to-maturity investments disposed of before their maturity.

(b) 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-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

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

(c) *Classification of 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. Currently, all of the Group's lease agreements are determined to be operating leases.

Rental expense charged to operations amounted to P17.1 million in 2009, P11.3 million in 2008 and none in 2007 (see Note 14) while rental income earned in 2009, 2008 and 2007 are presented as Rental Income in the consolidated income statements.

(d) *Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.9 and relevant disclosures are presented in Note 21.

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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) *Allowance for Impairment of Receivables*

The Group maintains an allowance for impairment loss on receivables at a level considered adequate to cover probable uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility 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. Analyses of net realizable value of receivables as of March 31, 2009 and 2008 are presented in Note 5.

Impairment losses recognized on receivables amounted to about P17.6 million in 2009, P17.4 million in 2008 and P12.7 million in 2007 (see Note 5).

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

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

Fair value gains and losses recognized on available-for-sale financial assets in 2009, 2008 and 2007 are presented as Accumulated Fair Value Gains (Losses) in the consolidated statements of changes in equity (see Note 6).

(c) *Impairment of Available-for-sale Investments*

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

Analyses of the carrying value of the available-for-sale investments as of March 31, 2009 and 2008 are presented in Note 6.

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

The Group estimates the useful lives of investment property and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Analyses of the carrying amounts of investment property and property and equipment are presented in Notes 9 and 10, respectively. Actual results, however, may vary due to changes in factors mentioned above. Based on management assessment as of March 31, 2009 and 2008, no change in the estimated useful lives of the assets is necessary.

(e) *Impairment of Non-financial Assets*

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.13. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements 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.

The Group did not recognize any impairment loss on property and equipment, investment property and investments in an associate in 2009, 2008 and 2007.

4. CASH AND CASH EQUIVALENTS

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

	<u>2009</u>	<u>2008</u>
Cash on hand and in banks	P 157,747,517	P 197,126,244
Short-term placements	<u>1,073,602,486</u>	<u>1,086,378,367</u>
	<u>P 1,231,350,003</u>	<u>P 1,283,504,611</u>

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 and earn effective annual interest ranging from 3.75% to 7.00% in 2009 and 3.75% to 5.25% in 2008 for peso placements and 1.75% to 4.00% in 2009 and 2.25% to 2.50% in 2008 for dollar placements. Interest income earned from cash and cash equivalents were presented as part of Finance Income in the consolidated income statements.

Certain portions of cash and cash equivalents are set aside to cover for trust funds as disclosed in Note 12.

5. RECEIVABLES

This account is composed of the following:

	<u>Notes</u>	<u>2009</u>	2008 (As restated – see Note 19.2)
Tuition and other fees		P 64,246,194	P 54,371,503
Rental receivable		8,202,478	829,938
Receivable from:			
FEU Educational Foundation, Inc.		38,040,770	28,843,710
East Asia Educational Foundation, Inc. (EAEF)		18,165,787	14,116,055
Advances to employees		11,479,722	9,145,859
Accrued interest	4, 6, 19.2	8,472,078	14,821,789
Others		<u>3,691,162</u>	<u>3,177,662</u>
		152,298,191	125,306,516
Allowance for impairment losses on tuition and other fees		<u>(14,146,263)</u>	<u>(11,872,333)</u>
		<u>P 138,151,928</u>	<u>P 113,434,183</u>

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of 2009 and 2008 is shown below.

	<u>2009</u>	<u>2008</u>
Balance at beginning of year	P 11,872,333	P 11,436,501
Impairment losses during the year	17,581,234	17,450,897
Receivables written off during the year	<u>(15,307,304)</u>	<u>(17,015,065)</u>
Balance at end of year	<u>P 14,146,263</u>	<u>P 11,872,333</u>

All of the Group's receivables have been reviewed for indicators of impairment. Certain tuition and other fees receivables were found to be impaired and allowance has been recorded accordingly. The allowance for impairment loss on receivables as of March 31, 2009 and 2008 relates only to receivables from students which have been outstanding for more than one semester and specifically identified to be impaired. Impairment loss recognized on receivables is presented as part of Finance Costs in the consolidated income statements.

No allowance for impairment loss on all other receivables was provided as of March 31, 2009 and 2008 since management believes that those are collectible in full.

The University provides management services to EAEF which agreed to pay management fee computed at a certain percentage of their gross revenue subject to certain conditions. Management fees earned amounted to P11.5 million in 2009, P20.1 million in 2008 and nil in 2007 which are presented as part of the caption miscellaneous under Other Income (Charges) in the consolidated income statements.

The outstanding receivables arising from this transaction are presented above as part of Receivable from EAFF.

6. AVAILABLE-FOR-SALE INVESTMENTS

This category of financial assets consists of the following:

	<u>2009</u>	<u>2008</u>
Debt securities:		
Government	P 792,260,802	P 706,326,539
Corporate	<u>276,110,403</u>	<u>109,258,504</u>
	1,068,371,205	815,585,043
Equity securities	<u>19,738,752</u>	<u>25,102,359</u>
	<u>P1,088,109,957</u>	<u>P 840,687,402</u>

Interest income recognized in 2009, 2008 and 2007 are presented as part of Finance Income in the consolidated income statements (see Note 15).

Certain AFS investments reached their maturity in 2009, 2008 and 2007 and were no longer reinvested; thus reclassified to Cash and Cash Equivalents resulting in the recognition in the consolidated income statements of cumulative gain of P2.8 million in 2009 and P5.5 million in 2008 and cumulative loss of P5.6 million in 2007, previously recognized in consolidated equity.

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

	<u>2009</u>	<u>2008</u>
Balance at beginning of year	P 840,687,402	P 816,893,531
Additions	707,948,490	312,503,139
Withdrawals	(467,769,330)	(302,795,789)
Investment income - net	15,259,477	12,910,428
Fair value gains (losses)	(8,016,082)	<u>1,176,093</u>
Balance at end of year	<u>P1,088,109,957</u>	<u>P 840,687,402</u>

7. REAL ESTATE HELD FOR SALE

Real estate held for sale as of March 31, 2009 and 2008 represents certain lots at the following locations:

Silang, Cavite	P	163,587,573
Ferndale Homes, Quezon City		<u>25,464,969</u>
	P	<u>189,052,542</u>

Currently, the Group's real estate properties held for sale are still in the development phase and the Group has not made any sale during the years presented.

Management has assessed that the net realizable value is higher than the cost of these assets, hence, no impairment loss was recognized in both years.

8. INVESTMENT IN AN ASSOCIATE

This account consists of the following as of March 31:

	<u>2009</u>	<u>2008</u>
Acquisition cost	P 7,878,121	P 7,878,121
Accumulated equity in net losses:		
Balance at beginning of year	(772,742)	(748,010)
Equity in net losses	(<u>49,416</u>)	(<u>24,732</u>)
Balance at end of year	(<u>822,158</u>)	(<u>772,742</u>)
	<u>P 7,055,963</u>	<u>P 7,105,379</u>

JMCI's summary of the financial information as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Total assets	P 14,824,762	P 14,826,831
Total liabilities	424,840	326,060
Total equity	14,399,923	14,500,771
Net loss	100,849	50,474

9. INVESTMENT PROPERTY

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2009 and 2008 are shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Land Improvements</u>	<u>Total</u>
March 31, 2009				
Cost	P 138,676,925	P 306,970,521	P 2,941,664	P 445,589,110
Accumulated depreciation	-	(81,673,204)	(2,012,361)	(83,685,565)
Net carrying amount	<u>P 138,676,925</u>	<u>P 225,297,317</u>	<u>P 929,303</u>	<u>P 364,903,545</u>
March 31, 2008				
Cost	P 125,982,883	P 304,160,428	P 2,722,557	P 432,865,868
Accumulated depreciation	-	(67,660,802)	(1,467,850)	(69,128,652)
Net carrying amount	<u>P 125,982,883</u>	<u>P 236,499,626</u>	<u>P 1,254,707</u>	<u>P 363,737,216</u>
April 1, 2007				
Cost	P 91,893,657	P 242,559,966	P 2,117,490	P 336,571,113
Accumulated depreciation	-	(54,883,329)	(1,020,911)	(55,904,240)
Net carrying amount	<u>P 91,893,657</u>	<u>P 187,676,637</u>	<u>P 1,096,579</u>	<u>P 280,666,873</u>

A reconciliation of the carrying amounts at the beginning and end of 2009 and 2008, of investment property is shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Land Improvements</u>	<u>Total</u>
Balance at April 1, 2008 net of accumulated depreciation	P 125,982,883	P 236,499,626	P 1,254,707	P 363,737,216
Additions	12,694,042	2,810,093	219,107	15,723,242
Depreciation charges for the year	-	(14,012,402)	(544,511)	(14,556,913)
Balance at March 31, 2009 net of accumulated depreciation	<u>P 138,676,925</u>	<u>P 225,297,317</u>	<u>P 929,303</u>	<u>P 364,903,545</u>
Balance at April 1, 2007 net of accumulated depreciation	P 91,893,657	P 187,676,637	P 1,096,579	P 280,666,873
Additions	34,089,226	61,600,462	458,283	96,147,971
Reclassification	-	-	146,784	146,784
Depreciation charges for the year	-	(12,777,473)	(446,939)	(13,224,412)
Balance at March 31, 2008 net of accumulated depreciation	<u>P 125,982,883</u>	<u>P 236,499,626</u>	<u>P 1,254,707</u>	<u>P 363,737,216</u>

The total rental income earned from the investment property amounted to P50.4 million in 2009, P41.3 million in 2008, P47.8 million in 2007 and presented as Rentals in the consolidated income statements. Depreciation expense and other related expenses incurred from the asset such as real property taxes are presented as part of General Operating Expenses in the consolidated income statements (see Note 14).

The fair value of the investment property as of March 31, 2009 and 2008 was about P2.5 billion which was determined based on the most recent valuation performed by independent appraisers immediately after the balance sheet dates except that portion pertaining to FRC's investment property amounting to P2.1 billion which was based on valuation in 2006.

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of 2009 and 2008 are shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Construction in-Progress</u>	<u>Total</u>
March 31, 2009						
Cost	P 197,383,724	P 654,637,049	P 115,455,954	P 13,515,759	P 23,914,725	P 1,004,907,211
Accumulated depreciation	-	(120,539,142)	(88,841,105)	(11,889,254)	-	(221,269,501)
Net carrying value	<u>P 197,383,724</u>	<u>P 534,097,907</u>	<u>P 26,614,849</u>	<u>P 1,626,505</u>	<u>P 23,914,725</u>	<u>P 783,637,710</u>
March 31, 2008						
Cost	P 197,383,724	P 517,435,343	P 107,580,928	P 12,409,148	P 9,084,363	P 843,893,507
Accumulated depreciation	-	(93,944,046)	(77,305,432)	(11,659,251)	-	(182,908,729)
Net carrying value	<u>P 197,383,724</u>	<u>P 423,491,298</u>	<u>P 30,275,496</u>	<u>P 749,897</u>	<u>P 9,084,363</u>	<u>P 660,984,778</u>
April 1, 2007						
Cost	P 197,383,724	P 487,866,479	P 89,420,099	P 12,090,998	P 8,434,363	P 795,195,663
Accumulated depreciation	-	(70,575,246)	(67,114,543)	(11,543,856)	-	(149,233,645)
Net carrying value	<u>P 197,383,724</u>	<u>P 417,291,233</u>	<u>P 22,305,556</u>	<u>P 547,142</u>	<u>P 8,434,363</u>	<u>P 645,962,018</u>

A reconciliation of the carrying amounts at the beginning and end of 2009 and 2008, of property and equipment is shown below.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Construction in-Progress</u>	<u>Total</u>
Balance at April 1, 2008, net of accumulated depreciation	P 197,383,724	P 423,491,298	P 30,275,496	P 749,897	P 9,084,363	P 660,984,778
Additions	-	137,201,705	7,906,080	1,106,611	23,914,725	170,129,121
Derecognition	-	-	(4,737)	-	(9,048,363)	(9,089,100)
Depreciation charges for the year	-	(26,595,096)	(11,561,990)	(230,003)	-	(38,387,089)
Balance at March 31, 2009, net of accumulated depreciation	<u>P 197,383,724</u>	<u>P 534,097,907</u>	<u>P 26,614,849</u>	<u>P 1,626,505</u>	<u>P 23,914,725</u>	<u>P 783,637,710</u>
Balance at April 1, 2007, net of accumulated depreciation	P 197,383,724	P 417,291,233	P 22,305,556	P 547,142	P 8,434,363	P 645,962,018
Additions	-	29,568,865	18,160,829	318,150	650,000	48,697,844
Depreciation charges for the year	-	(23,368,800)	(10,190,889)	(115,395)	-	(33,675,084)
Balance at March 31, 2008, net of accumulated depreciation	<u>P 197,383,724</u>	<u>P 423,491,298</u>	<u>P 30,275,496</u>	<u>P 749,897</u>	<u>P 9,084,363</u>	<u>P 660,984,778</u>

In October 2005, FRC entered into a contract with Ayala Land, Inc. (ALI) to acquire a condominium unit which is still under construction and development. The contract required a 30% downpayment and monthly installment payments of P165,968 until December 2008. In May 2008, FRC cancelled the said contract prior to its maturity and entered into a new one with ALI to acquire a condominium unit with a lot area significantly bigger than the previous contract. The new contract required a 25% downpayment and monthly installment payments of P341,975, which is covered by a promissory note issued in favor of ALI, starting September 2008 until January 2013. FRC has already made a total of P8.5 million, net of administrative fees to ALI, payments in the cancelled contract of which P6.8 million has been applied as downpayment for the new contract while the remaining amount which pertains to input taxes is presented as part of Other Current Assets in the 2009 consolidated balance sheet.

As of March 31, 2009 and 2008, the net carrying amount of the property presented as Construction in Progress under Property and Equipment amounts to P23.9 million and P9.1 million, respectively. Interest expense representing amortization of discounts on the notes payable, capitalized as part of construction in progress amounted to P0.9 million in 2009.

The current portion of the liability arising from this transaction was P3.1 million and P1.9 million as of March 31, 2009 and 2008, respectively, while the non-current portion was P10.3 million and nil as of March 31, 2009 and 2008, respectively, (see Note 21.1). These are presented in the consolidated balance sheets as Notes Payable.

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	<u>Note</u>	<u>2009</u>	2008 (As restated – see Note 18)
Accounts payable		P 41,670,926	P 35,781,894
Dividends payable	19.2	58,499,156	140,701,054
Accrued salaries and benefits		54,229,149	30,048,030
Payable to FEU retirement plan		36,901,623	41,886,105
Withholding and other taxes payable		36,513,664	43,934,253
Funds payable		34,361,963	27,339,985
Amount due to students		33,746,306	46,555,113
Accrued expenses		33,569,525	24,573,479
Deposits payable		9,831,557	23,550,545
Other current liabilities		<u>10,333,508</u>	<u>5,980,166</u>
		<u>P 349,657,377</u>	<u>P 420,350,624</u>

12. TRUST FUNDS

This account consists of the following as of March 31:

	<u>2009</u>	<u>2008</u>
Student welfare and development fund	P 26,202,141	P 40,693,748
Visual aid development fund	13,224,923	13,670,640
FEU Central Student Organization:		
Student loan fund	12,777,129	10,502,842
Student scholarship fund	3,902,308	3,919,602
Student assistance fund	-	2,653,039
Others	<u>2,384,140</u>	<u>4,722,351</u>
	<u>P 58,490,641</u>	<u>P 76,162,222</u>

These trust funds represent collections to defray expenses related to activities for specific educational purposes. As discussed in Note 4, the amounts of cash and cash equivalents to the outstanding balances of these funds are set aside for such purposes.

13. TUITION FEES

Details of net tuition fees presented in the consolidated income statements are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tuition and other fees	<u>P 1,694,493,469</u>	<u>P 1,655,826,499</u>	<u>P 1,636,730,534</u>
Less discounts:			
Scholarship	63,723,848	57,508,745	52,764,930
Cash	10,214,508	10,038,965	9,804,230
Family	<u>8,746,646</u>	<u>7,595,756</u>	<u>8,192,472</u>
	<u>82,685,002</u>	<u>75,143,466</u>	<u>70,761,632</u>
	<u>P 1,611,808,467</u>	<u>P 1,580,683,033</u>	<u>P 1,565,968,902</u>

Towards the end of the fiscal year, the University collected tuition fees from students for the summer classes which start after the balance sheet date. Such collections are excluded from tuition fees earned for the year and presented as part of Deferred Income in the consolidated balance sheets and recognized as revenue in the following year.

14. OPERATING EXPENSES

Operating expenses consists of:

	Notes	2009	2008	2007 (As Restated - see Note 19.2)
<i>Instructional and Academic</i>				
Salaries and allowances	18	P 527,192,891	P 495,587,597	P 468,906,339
Employees benefits	16	164,350,335	150,395,234	135,098,784
Related learning experience		21,641,432	19,474,376	-
Affiliation		9,960,332	11,418,036	-
Others		21,503,871	17,370,504	46,134,305
		<u>744,648,861</u>	<u>694,245,747</u>	<u>650,139,428</u>
<i>Administrative</i>				
Salaries and allowances	18	87,788,025	80,599,603	72,263,545
Employees benefits	16	39,266,335	36,165,361	35,175,975
Rental		17,136,041	11,345,139	-
Directors' bonus		11,750,000	10,500,000	8,250,000
Others		17,243,886	16,772,935	15,730,929
		<u>173,184,287</u>	<u>155,383,038</u>	<u>131,420,449</u>
<i>Maintenance and University Operations</i>				
Utilities		68,074,983	61,619,734	68,929,086
Salaries and allowances		23,490,070	24,196,975	23,049,555
Janitorial services	16	12,808,640	11,707,163	13,052,135
Employee benefits		11,296,291	11,772,106	10,492,989
Repairs and maintenance		6,458,042	8,071,553	30,328,725
Property insurance		1,160,749	564,594	1,487,187
		<u>123,288,775</u>	<u>117,932,125</u>	<u>147,339,677</u>
<i>General</i>				
Depreciation	9, 10	52,944,002	46,899,496	46,809,097
Security services		25,834,071	18,314,315	15,323,818
Publicity and promotions		6,615,235	8,033,477	4,966,479
Professional fees		6,306,848	5,416,097	1,510,752
Maintenance of art works		6,176,320	2,184,264	3,474,476
Taxes and licenses		5,333,533	4,322,713	3,968,750
Donation and charitable contributions		1,358,909	1,471,938	1,672,229
Others		2,896,715	5,582,852	10,903,716
		<u>107,465,633</u>	<u>92,225,152</u>	<u>88,629,317</u>
Total Operating Expenses		<u>P 1,148,587,556</u>	<u>P 1,059,786,062</u>	<u>P 1,017,528,871</u>

15. FINANCE INCOME

This account consists of:

	Notes	<u>2009</u>	<u>2008</u>	<u>2007</u>
Interest income from:				
Cash and cash equivalents	4	P 69,502,580	P 65,795,215	P 55,170,976
AFS financial assets	6	45,180,490	37,943,665	53,455,661
HTM		1,672,563	2,679,885	2,667,123
Receivables		1,463,473	-	-
Foreign exchange gains – net		<u>3,037,732</u>	<u>-</u>	<u>-</u>
		<u>P 120,856,838</u>	<u>P 106,418,765</u>	<u>P 111,293,760</u>

16. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

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

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

Contributions to this fund are in accordance with the defined contribution established by the Retirement Board which is the sum of the employees' and the Group's contributions. Employees' contribution is 5% of basic salary while the Group's contribution is equivalent to 20% of the employees' basic salary. Retirement expense recognized in the University's income statement amounted to P85.9million in 2009, P63.4 million in 2008 and P49.0 million in 2007 (see Note 14).

The Fund's balance sheets as of December 31, 2008 and 2007 showed the following:

	<u>2008</u>	<u>2007</u>
Assets		
Money market placements	P 643,050,000	P 555,853,116
Receivables	38,547,269	40,186,159
Cash in banks	10,784,913	4,628,136
Others	<u>185,654</u>	<u>208,505</u>
	692,567,836	600,875,916
Liabilities	(<u>50,395,960</u>)	(<u>49,871,692</u>)
	<u>P 642,171,876</u>	<u>P 551,004,224</u>

17. INCOME TAXES

The components of the tax expense presented in the consolidated income statements are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current tax expense:			
Special rate at 10%	P 51,743,268	P 59,615,310	P 58,009,602
Final tax	21,258,726	19,135,614	13,822,068
Regular corporate income tax (RCIT) rate at 35% and 30% in 2009 and 35% in 2008 and 2007	<u>10,812,275</u>	<u>10,675,348</u>	<u>7,342,847</u>
	<u>83,814,269</u>	<u>89,426,272</u>	<u>79,174,517</u>
Deferred tax expense (income):			
Deferred tax benefit arising from origination and reversal of temporary differences	4,788,752 (1,879,288)	3,157,934
Effect of change in RCIT rate	(<u>1,607,282</u>)	-	-
	<u>3,181,470</u>	<u>(1,879,288)</u>	<u>3,157,934</u>
	<u>P 86,995,739</u>	<u>P 87,546,984</u>	<u>P 82,332,451</u>

A reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense reported in the consolidated income statements is as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax on pretax income at 10%	P 69,628,919	P 70,135,341	P 71,040,300
Adjustments for income subjected to:			
RCIT rate	10,843,328	6,208,259	7,634,969
Final tax	8,858,395	9,711,972	2,917,309
Excess of OSD over itemized deductions	(3,289,439)	-	-
Effect of change in RCIT rate	(1,607,282)	-	-
Others	<u>2,561,818</u>	<u>1,491,412</u>	<u>739,873</u>
Tax expense	<u>P 86,995,739</u>	<u>P 87,546,984</u>	<u>P 82,332,451</u>

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

	<u>Consolidated Balance Sheets</u>		<u>Consolidated Income Statements</u>		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Deferred tax assets:					
Accrued rent expense	P 4,591,002	P 3,543,085	(P 1,047,917)	(P 1,131,710)	(P 272,458)
Unearned rental income	3,223,163	2,601,432	(621,731)	(2,601,432)	-
Allowance for impairment of receivables	1,414,626	1,187,233	(227,393)	(43,583)	683,357
Unearned income	-	1,685,492	1,685,492	(1,685,492)	-
Accrued donation	-	1,700,000	1,700,000	-	-
NOLCO	-	163,176	163,176	(50,143)	45,556
MCIT	-	2,115	2,115	-	-
Unrealized foreign currency loss	-	474,786	474,786	(104,391)	824,760
Deferred tax assets	<u>P 9,228,791</u>	<u>P 11,357,319</u>			
Deferred tax liabilities:					
Accrued rent income	(P 12,866,856)	(P 12,117,687)	749,169	3,737,463	(4,439,149)
Unrealized foreign currency gains	(303,773)	-	303,773	-	-
Deferred tax liabilities	<u>(P 13,170,629)</u>	<u>(P 12,117,687)</u>			
Deferred tax expense (income)			<u>P 3,181,470</u>	<u>(P 1,879,288)</u>	<u>(P 3,157,934)</u>

The University availed of the Tax Incentives Provisions of Republic Act (R.A.) No. 8525, Adopt-a-School Act of 1998. Total benefit from the availment of this tax incentives provided under the R.A. is the sum of the amount of contribution/donation that were actually, directly and exclusively incurred for the Adopt-a-School Program, with limitations, conditions and rules set forth in Section 34 (H) of the Tax Code and fifty percent (50%) of the amount of such contribution/donation.

FRC is subject to the minimum corporate income tax (MCIT) which is computed at 2% of gross income, as defined under the tax regulations. No MCIT was recognized in 2009, 2008 and 2007 as RCIT was higher than MCIT in those years.

On July 6, 2008, Republic Act (R.A.) No. 9504 became effective giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross income which is relevant only to FRC. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made. In 2009, FRC opted to use OSD instead of itemized deduction in computing its RCIT.

In accordance with Republic Act (R.A.) No. 9337, RCIT rate, which is applicable only to FRC, was reduced from 35% to 30% while nonallowable deductions for interest expense from 42% to 33% of interest income subjected to final tax beginning January 1, 2009.

18. RELATED PARTY TRANSACTIONS

Total remunerations of the Group's key management personnel presented as part of salaries and allowances and employees benefits under the Instructional and Academic, and Administrative Expenses caption (see Note 14) is as follows:

	<u>2009</u>		<u>2008</u>		<u>2007</u>
Short-term benefits	P 113,999,963	P	100,412,356	P	103,872,843
Retirement benefits	<u>18,063,955</u>		<u>16,321,494</u>		<u>13,592,380</u>
	<u>P 132,063,918</u>	P	<u>116,733,850</u>	P	<u>117,465,223</u>

19. EQUITY

19.1 Capital Stock

The Group has 10 million shares of authorized capital stock, with P100 par value, of which 9,845,779 shares are issued as of March 31, 2009 and 7,043,699 shares are issued as of March 31, 2008 and 2007. Total outstanding shares are 9,808,448 shares as of March 31, 2009 and 7,006,368 shares as of March 31, 2008 and 2007 while 37,331 shares costing P3.7 million are held in treasury as of those dates.

19.2 Retained Earnings

Significant transactions affecting Retained Earnings, which is also restricted at an amount equivalent to the cost of treasury shares, are as follows:

(a) Appropriation of Retained Earnings

Appropriated Retained Earnings consists of appropriations for:

	<u>2009</u>		<u>2008</u>		<u>2007</u>
Expansion of facilities	P 899,333,335	P	1,010,000,000	P	610,000,000
General retirement	57,000,000		57,000,000		7,000,000
Contingencies	18,765,682		20,161,414		20,161,414
Acquisition of laboratory equipment	-		20,000,000		20,000,000
Purchase of equipment and improvements	-		30,000,000		30,000,000
Repairs and improvements	<u>-</u>		<u>10,000,000</u>		<u>10,000,000</u>
	<u>P 975,099,017</u>	P	<u>1,147,161,414</u>	P	<u>697,161,414</u>

The BOT approved on June 26, 2007, P100 million and P50 million appropriations for expansion of facilities and general retirement, respectively, and again on March 25, 2008, an additional appropriation for school expansion of P300 million. In 2009, the University made a reversal of appropriations amounting to P172.1 million pertaining to expansion of facilities, repairs and improvements, acquisition of laboratory equipment and purchase of equipment and improvements.

(b) *Dividend Declaration*

The BOT approved the following dividend declarations in 2009, 2008 and 2007, respectively:

	<u>Date of</u>					
	<u>Declaration</u>	<u>Record</u>	<u>Payment</u>			
2009						
Cash dividend of P15 per share	June 17, 2008	July 7, 2008	July 21, 2008	P		105,095,520
40% stock dividend equivalent to 2,802,547 shares	August 23, 2008	September 15, 2008	October 9, 2008			280,208,000
467 fractional shares paid out in cash at P100 per share	August 23, 2008	September 15, 2008	October 9, 2008			46,720
Cash dividend of P15 per share	December 16, 2008	January 8, 2009	January 22, 2009			<u>147,126,720</u>
					P	<u>532,476,960</u>
2008						
Cash dividend of P15 per share	June 26, 2007	July 11, 2007	July 23, 2007	P		105,095,520
Cash dividend of P 15 per share	December 18, 2007	January 7, 2008	January 17, 2008			105,095,520
Cash dividend of P15 per share	March 25, 2008	April 10, 2008	April 24, 2008			<u>105,095,520</u>
					P	<u>315,286,560</u>
2007						
Cash dividend of P15 per share	June 20, 2006	July 17, 2006	July 17, 2006	P		70,067,130
50% stock dividend equivalent to 2,335,226 shares	March 21, 2006	September 6, 2006	October 2, 2006			233,522,600
345 fractional shares paid out in cash at P100 per share	March 21, 2006	September 6, 2006	October 2, 2006			34,500
Cash dividend of P15 per share	December 19, 2006	January 5, 2007	January 15, 2007			<u>105,095,520</u>
					P	<u>408,719,750</u>

Unpaid dividends as of March 31, 2009 and 2008 are presented as dividends payable under Accounts Payable and Other Liabilities in the consolidated balance sheets (see Note 11).

(c) *Prior Period Adjustments*

Prior period adjustments were recorded by the University to correct the overstatement in the balances of Retained Earnings as of April 1, 2008, 2007 and 2006 mainly because of accrued interest receivable amounting to P30.3 million that was not reversed in previous years. Also, in 2008 FRC's management identified certain accruals that should have been reversed in prior years amounting to P9.6 million. This adjustment was made in connection with FRC's avilment of the Tax Amnesty Program under R.A. 9480.

Shown below are the effects of these adjustments on Retained Earnings.

	<u>April 1, 2008</u>	<u>April 1, 2007</u>	<u>April 1, 2006</u>
Retained earnings as previously reported	P 873,954,674	P 1,028,997,472	P 825,051,055
Reversal of over accrual of accrued interest receivable	(30,293,467)	(30,293,467)	(30,293,467)
Reversal of over accrual of expenses	<u>-</u>	<u>9,550,500</u>	<u>9,550,500</u>
	<u>(30,293,467)</u>	<u>(20,742,967)</u>	<u>(20,742,967)</u>
Retained earnings as restated	<u>P 843,661,207</u>	<u>P 1,008,254,505</u>	<u>P 804,308,088</u>

These adjustments resulted in decrease in Receivables by P30.3 million as of March 31, 2008.

The other adjustments which affected income and expense in those years were merely offsetting, thus had no effect on Retained Earnings.

20. EARNINGS PER SHARE

Earnings per share amounts were computed as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net income attributable to equity holders of the University	P 585,200,755	P 600,693,262	P 612,666,167
Divided by weighted average number of outstanding shares, net of treasury stock of 37,331 shares	<u>8,407,408</u>	<u>7,006,368</u>	<u>5,838,755</u>
Earnings per share	<u>P 69.61</u>	<u>P 85.74</u>	<u>P 104.93</u>

The weighted average number of shares outstanding as of March 31, 2009 is computed as follows:

	<u>Number of shares</u>	<u>Months Outstanding</u>	<u>Weighted number of shares</u>
Balance at beginning of year	7,006,368	12	84,076,416
Issuance on October 9, 2008	<u>2,802,080</u>	6	<u>16,812,480</u>
Balance at end of year	<u>9,808,448</u>		100,888,896
Divided by total months as of March 31, 2009			<u>12</u>
Weighted average number of shares outstanding			<u>8,407,408</u>

The weighted average number of shares outstanding as of March 31, 2007 is computed as follows:

	<u>Number of shares</u>	<u>Months Outstanding</u>	<u>Weighted number of shares</u>
Balance at beginning of year	4,671,142	12	56,053,704
Issuance on October 2, 2006	<u>2,335,226</u>	6	<u>14,011,356</u>
Balance at end of year	<u>7,006,368</u>		70,065,060
Divided by total months as of March 31, 2007			<u>12</u>
Weighted average number of shares outstanding			<u>5,838,755</u>

There were no stock issuance in 2008, hence, the weighted average number of shares outstanding is equivalent to the total outstanding shares as of March 31, 2008.

Diluted earnings per share were not determined since the Group does not have dilutive shares as of March 31, 2009, 2008 and 2007.

21. COMMITMENTS AND CONTINGENCIES

21.1 Purchase of Condominium Unit

As discussed in Note 10, FRC has an existing contract with ALI for the acquisition of a condominium unit which is still under construction. Future payments under this contract are as follows which is presented as Notes Payable in the consolidated balance sheets.

	<u>2009</u>	<u>2008</u>
Within one year	P 3,103,359	P 1,895,782
After one year but not more than five years	<u>10,327,238</u>	<u>-</u>
	<u>P 13,430,597</u>	<u>P 1,895,782</u>

21.2 Operating Lease Commitments – University as Lessor

The University leases out certain buildings to EAEF for a period of one to ten years until August 31, 2017. Total rent income recognized in the University's consolidated income statements amounted to P22.9 million in 2009, P25.5 million in 2008 and P42.0 million in 2007.

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Within one year	P 28,666,776	P 17,483,208
After one year but not more than five years	114,667,104	69,932,832
More than five years	<u>86,000,328</u>	<u>69,932,832</u>
	<u>P 229,334,208</u>	<u>P 157,348,872</u>

21.3 Legal Claims

FRC is a party to a case filed by World War II Veterans Legionaries of the Philippines, which seeks the annulment of FRC's title over approximately 15 to 25 hectares of land that had been the subject matter of a joint development agreement with ALL. The specific bounds of the claimed area were not specified by the plaintiff. The plaintiff also sought monetary damages in the amount of approximately P300,000 and monthly rentals of P300,000, while the case is pending. FRC's management and its legal counsel, however, are vigorously contesting the claims. The case was initially dismissed by the Regional Trial Court and is currently pending on appeal before the Court of Appeals.

As of March 31, 2009 and 2008, the Group is also 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.

The Group's management and its legal counsel believe that the 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 Group. However, the Group has appropriated portion of its retained earnings for these contingencies (see Note 19.2)

21.4 Others

There are other contingencies that arise in the normal course of business that are not recognized in the Group's financial statements. However, management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

22.1 Interest Rate Sensitivity

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.

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	4	P1,231,350,003	P1,283,504,611
AFS investments	6	<u>1,068,371,205</u>	<u>815,585,043</u>
		<u>P2,299,721,208</u>	<u>P2,099,089,654</u>

The following table illustrates the sensitivity of income before tax for the years in regards 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, 2009 and 2008.

	<u>2009</u>		<u>2008</u>	
	<u>Reasonably possible change in rate</u>	<u>Effect in income before tax</u>	<u>Reasonably possible change in rate</u>	<u>Effect in income before tax</u>
Cash and cash equivalents	+/- 2.67%	P 32,788,553	+/- 1.35%	P 17,375,862
AFS investments	+/- 2.83%	<u>28,547,356</u>	+/- 1.54%	<u>11,117,533</u>
		<u>P 61,335,909</u>		<u>P 28,493,395</u>

22.2 Credit Risk

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

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

With respect to credit risk arising from cash and cash equivalents, receivables, AFS investments and HTM investments, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The maximum exposure to credit risk at the balance sheet date is as follows:

	Notes	2009	2008
Cash and cash equivalents	4	P1,231,350,003	P1,283,504,611
Receivables	5	138,151,928	113,434,183
AFS investments	6	1,088,109,957	840,687,402
HTM investments		<u>20,000,000</u>	<u>32,071,040</u>
		<u>P2,477,611,888</u>	<u>P2,269,697,236</u>

The table below shows the credit quality of the Group's receivables which are the only financial assets as of March 31, 2009 and 2008 (presented in '000) having past due but not impaired components.

	Neither past due nor impaired	Past due		Total
		Impaired	Not impaired	
2009				
Tuition and other fees	P 35,325	P 14,146	P 14,775	P 64,246
Employees	11,480	-	-	11,480
Others	<u>76,342</u>	<u>-</u>	<u>-</u>	<u>76,342</u>
	<u>P 123,147</u>	<u>P 14,146</u>	<u>P 14,775</u>	<u>P 152,068</u>
2008				
Tuition and other fees	P 15,808	P 11,872	P 26,692	P 54,372
Employees	9,146	-	-	9,146
Others	<u>61,789</u>	<u>-</u>	<u>-</u>	<u>61,789</u>
	<u>P 86,743</u>	<u>P 11,872</u>	<u>P 26,692</u>	<u>P 125,307</u>

The age of past due but not impaired receivables is about six months for both years.

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

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

22.3 Liquidity Risk

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

Financial liabilities of the Group at the balance sheet date comprise of accounts payable and accrued expenses, dividends payables and notes payable – current which are all short-term in nature and have contractual maturities of less than 12 months.

22.4 Other Price Risk Sensitivity

The Group's exposure to price risk arises from its investments in equity and debt securities, which are classified as AFS investments in the consolidated balance sheets.

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

AFS investments consist of publicly listed equity securities and government securities which are carried at fair value and non-listed equity securities for which no fair value information is available and that are therefore carried at cost.

For equity securities listed in the Philippines, an average volatility of 36.68% and 56.14% has been observed during 2009 and 2008. If quoted price for these securities increased or decreased by that amount income before tax would have changed by P7.1 million and P9.8 million in 2009 and 2008, respectively.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

23. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated balance sheets are shown below.

	Notes	2009		2008	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets					
Loans and receivables:					
Cash and cash equivalents	4	P 1,231,350,003	P 1,231,350,003	P 1,283,504,611	P 1,283,504,611
Receivables – net	5	<u>138,151,928</u>	<u>138,151,928</u>	<u>113,434,183</u>	<u>113,434,183</u>
		<u>1,369,501,931</u>	<u>1,369,501,931</u>	<u>1,396,938,794</u>	<u>1,396,938,794</u>
AFS investments:					
Debt securities	6	1,068,371,205	1,068,371,205	815,585,043	815,585,043
Equity securities		<u>19,738,752</u>	<u>19,738,752</u>	<u>25,102,359</u>	<u>25,102,359</u>
		<u>1,088,109,957</u>	<u>1,088,109,957</u>	<u>840,687,402</u>	<u>840,687,402</u>
HTM investments –					
Debt securities		<u>20,000,000</u>	<u>20,000,000</u>	<u>32,071,040</u>	<u>32,071,040</u>
		<u>P 2,477,611,888</u>	<u>P 2,477,611,888</u>	<u>P 2,269,697,236</u>	<u>P 2,269,697,236</u>
Financial liabilities					
Financial liabilities at amortized cost:					
Accounts payable and					
Other liabilities	12	P 349,657,377	P 349,657,377	P 420,350,624	P 420,350,624
Notes payable – current		3,103,359	3,103,359	1,895,782	1,895,782
Notes payable – non-current		<u>10,327,238</u>	<u>10,327,238</u>	<u>-</u>	<u>-</u>
		<u>P 363,087,974</u>	<u>P 363,087,974</u>	<u>P 422,246,406</u>	<u>P 422,246,406</u>

See Notes 2.4 and 2.8 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 22.

24. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

The Group defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock, accumulated fair value gains (losses) and minority interest are excluded from capital for purposes of capital management. The BOT has overall responsibility for monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The Group monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Capital for the reporting period March 31, 2009 and 2008 under review is summarized as follows:

	<u>2009</u>	<u>2008</u>
Total debt	P 560,025,664	P 589,490,506
Total equity	3,028,331,118	2,695,192,521
Debt-to-equity ratio	<u>0.18 : 1.00</u>	<u>0.22 : 1.00</u>

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

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

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

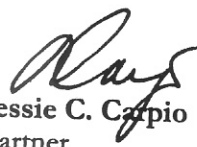
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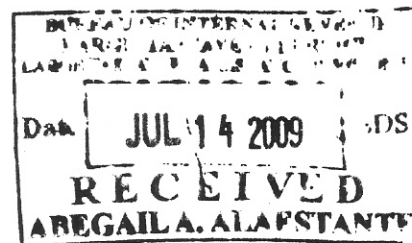
**The Board of Trustees
Far Eastern University, Inc. and Subsidiaries
Nicanor Reyes Sr. Street,
Sampaloc, Manila**

We have audited the consolidated financial statements of Far Eastern University, Inc. and Subsidiaries and the parent financial statements of Far Eastern University, Inc. for the year ended March 31, 2009, on which we have rendered our separate reports both dated June 19, 2009. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules (see table of contents) to consolidated and parent financial statements as of March 31, 2009 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. The information in such supplementary schedule has been subjected to the auditing procedures applied in the audits 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. 1566062, January 5, 2009, Makati City
SEC Accreditation No. 0011-AR-2
BIR AN 08-002511-6-2008 (Nov. 25, 2008 to 2011)

June 19, 2009



FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES
MARCH 31, 2009

Statement of Management’s Responsibility for the Consolidated Financial Statements

**Independent Auditors’ Report on the SEC Supplementary Schedules
Filed Separately from the Basic Financial Statements**

**Supplementary Schedules to Consolidated Financial Statements
(Form 17-A, Item 7)**

	<u>Page No.</u>
A. Marketable Securities - (Current Marketable Equity Securities and Other Short-term Cash Investments)	1
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)	2
C. Noncurrent Marketable Equity Securities, Other Long-term Investments in Stocks and Other Investments	3
D. Indebtedness to Unconsolidated Subsidiaries and Related Parties	NA
E. Other Assets	4
F. Long-term Debt	NA*
G. Indebtedness to Related Parties (Long-term Loans from Related Companies)	NA
H. Guarantees of Securities of Other Issuers	
I. Capital Stock	5

**Supplementary Schedule to Parent Financial Statements
(SEC Circular No. 11)**

Reconciliation of Parent Company Retained Earnings for Dividend Declaration	6
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* Balance of account is less than 5% of the total liabilities of the Group.

FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS,
EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)
FOR THE YEAR ENDED MARCH 31, 2009

ANNEX C.1.2

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Abala, Genelin G.	5,295.67					5,295.67	5,295.67
Abellera, Evelyn C.	302.23					302.23	302.23
Acab, Deborah A.	10,400.00					10,400.00	10,400.00
Acosta, Venina Corazon S.	418.97					418.97	418.97
Adolfo, Marlon	(3,560.00)					(3,560.00)	(3,560.00)
Africa, Dickenson Y.	200.00					200.00	200.00
Agdalpen, Renato C.	2,000.00					2,000.00	2,000.00
Agluba, Noreen	63.00					63.00	63.00
Agorilla, Delia	660.00					660.00	660.00
Aguirre, Estelita	200.00					200.00	200.00
Alarde, Crispulo Jr. S.	22,532.51		22,231.51		301.00	-	301.00
Albino, Maulynn	207.50					207.50	207.50
Albiva, Merlyn T.	1,464.00					1,464.00	1,464.00
Alcaraz, Nellie T.	8,200.00					8,200.00	8,200.00
Alcazar, Nina Aiza	415.50					415.50	415.50
Alfaro, Jennylyn G.	(3,835.00)					(3,835.00)	(3,835.00)
Albania, Hazel J.	1,000.00					1,000.00	1,000.00
Almalvez, Arlena C.	200.00					200.00	200.00
Alo, James	600.00					600.00	600.00
Alolor, Jacqueline G.	(873.00)					(873.00)	(873.00)
Amacan, Normita C.	15,113.55		13,608.00		1,505.55	-	1,505.55
Amlog, Jocelyn A.	45,000.00					45,000.00	45,000.00
Ampatin, Estrella V.	26,005.00					26,005.00	26,005.00
Anastacio, Nanette V.	(3,309.80)					(3,309.80)	(3,309.80)
Anastacio, Teresita M.	89.74					89.74	89.74
Andres, Jocelyn	90.00					90.00	90.00
Anido, Cecilia I.	334,016.06		263,593.07			70,422.99	70,422.99
An Lim, Jaime L.	97,711.02		99,166.74		(1,455.72)	-	(1,455.72)
Arabia, Julieta S.	600.00		2,500.00		(1,900.00)	-	(1,900.00)
Aragon, Lloyd Jeffrey	5,000.00					5,000.00	5,000.00
Arbizo, Maria Sophia	3,695.57					3,695.57	3,695.57
Arejola, Romeo	200.00					200.00	200.00
Arig, Mellicent J.	(300.00)					(300.00)	(300.00)
Arquiza, Glenda S.	6,824.50		16,670.00		(9,845.50)	-	(9,845.50)
Arreca, Edgardo C.	(500.00)					(500.00)	(500.00)
Arribe, Emma B.	245.00					245.00	245.00
Asilo, Ma. Cecilia	50.00					50.00	50.00
Ataat, Jose	200.00					200.00	200.00
Atanque, Aurora L.	2,835.06		5,123.88		(2,288.82)	-	(2,288.82)
Austria, Ryan	5,000.00					5,000.00	5,000.00
Ayson, Rosalino P., Jr.	31,505.00		17,160.00			14,345.00	14,345.00
Azor, Helen A.	(1,528.17)					(1,528.17)	(1,528.17)
Azucena, Cesario	1,339.20					1,339.20	1,339.20
Babilonia, Jonathan	450.00					450.00	450.00
Baconawa, Ma. Dorina M.	79.17					79.17	79.17
Badiable, Charisma Mae	5,000.00					5,000.00	5,000.00

Baello, Christine N.	(137.50)			(137.50)	(137.50)
Balaoro, Maria Theresa		200.00		-	(200.00)
Balaria, Dalmacio P.	7,500.00			7,500.00	7,500.00
Balita, Paulita C.	9,436.50	1,750.00		-	7,686.50
Bambico, Elma	311.00			311.00	311.00
Banal, Enrico R.	(22,171.50)			(22,171.50)	(22,171.50)
Banas, Gloria V.	24.20			24.20	24.20
Barcellano, Francis	(4,595.00)			(4,595.00)	(4,595.00)
Barcelona, Samson V.	200.00			200.00	200.00
Bartolome, Liezl DM.	764.00	822.00		-	(58.00)
Batungbakal, Marisa	17.50			17.50	17.50
Bautista, Andres D.	3,000.00			3,000.00	3,000.00
Bautista, Arlene Mae DG.	1,027.00			1,027.00	1,027.00
Bautista, Christopher	588.40			588.40	588.40
Bautista, Rosalinda	300.00			300.00	300.00
Bayan, Alfred F.	3,457.64			3,457.64	3,457.64
Bayan, Zenaida E.	585.50			585.50	585.50
Bayona, Daniel G.	545.90			545.90	545.90
Belardo, Ma. Jeanette	1,794.53			1,794.53	1,794.53
Belleza, Asuncion L.	16,649.00	28,938.47		-	(12,289.47)
Beltran, Charity J.	175.00			175.00	175.00
Belza, Mercedes A.	7,060.00			7,060.00	7,060.00
Bermudez, Israel	300.00			300.00	300.00
Bermudez, Neil C.	1,600.00			1,600.00	1,600.00
Bonaobra, Salvador B.	(750.00)			(750.00)	(750.00)
Brawner, Dalisay G.	40.00			40.00	40.00
Briones, Domingo J.	10,079.00			10,079.00	10,079.00
Brocal, Cynthia M.	24.00			24.00	24.00
Buenaventura, Alexander V.	7,060.00			7,060.00	7,060.00
Buenaventura, Olga C.	27,213.00			27,213.00	27,213.00
Buenavida, Amelia	165.00			165.00	165.00
Bueno, Marivic	10,000.00			10,000.00	10,000.00
Bulanhagui, Nida B.	620.00			620.00	620.00
Bustamante, Ma. Christine H.	11,000.00	1,000.00	3,400.00	8,600.00	8,600.00
Caagbay, Elpidio Z.	(5,779.30)	3,974.30	3,500.00	-	(5,305.00)
Cabaltica, Leilani A.	11,210.55		7,000.00	4,210.55	4,210.55
Cabantac, Ricardo R.	7,060.00			7,060.00	7,060.00
Cabulay, Danny A.	54.00			54.00	54.00
Cadorna, Rosemarie S.	656.20			656.20	656.20
Cagadas, Ruly	200.00			200.00	200.00
Cajucom, Mary Grace A.	440.00			440.00	440.00
Calizar, Dexter A.	3,126.10			3,126.10	3,126.10
Calub, Mary Virginia Blesilda	10,000.00			10,000.00	10,000.00
Camacho, Joseph C.	600.00			600.00	600.00
Cando, Cromwell N.	1,248.00			1,248.00	1,248.00
Canilao, Fe V.	663,200.47	303,408.43		359,792.04	359,792.04
Canlas, Aurora V.	227.70			227.70	227.70
Canobas, Ruel V.	33.00			33.00	33.00
Cao, Marilou F.	(2,769.00)	2,098.00		(2,769.00)	(4,867.00)
Capacio, Glenn	(7,300.00)			(7,300.00)	(7,300.00)
Caramanza, Edward M.	9,000.00			9,000.00	9,000.00
Cardona, Enrico	200.00			200.00	200.00
Cariquitan, Daisy	308.00			308.00	308.00
Carpio, Miguel M.	(13,086.34)			(13,086.34)	(13,086.34)
Casaclang, Editha Y.	11,796.00			11,796.00	11,796.00
Castanas, Baby Theress	82.50			82.50	82.50
Castro, Joeven R.	4,555.00			4,555.00	4,555.00
Castro, Ma. Clara C.	566.36			566.36	566.36

Cauba, Harvey A.	10,000.00	5,635.22		4,364.78	4,364.78
Cecilio, Ma. Elaine	3,795.89			3,795.89	3,795.89
Cerrer, Redentor A.	200.00			200.00	200.00
Chan, Jeffrey Allan	(6,927.00)			(6,927.00)	(6,927.00)
Chu, Connie	195.20			195.20	195.20
Chua, Ryan Gilbert	5,000.00			5,000.00	5,000.00
Clemente, Luisa DC.	3,615.90			3,615.90	3,615.90
Clerigo, Bernard A.	1,000.00	1,080.00	(80.00)	-	(80.00)
Clores, Roy	3,230.00			3,230.00	3,230.00
Codinera, Virgilio B.	79.72			79.72	79.72
Cometa, Ma. Victoria D.	(7,775.00)			(7,775.00)	(7,775.00)
Concepcion, Gerald G.	250.00			250.00	250.00
Concepcion, Lourdes Q.	930.72			930.72	930.72
Concha, Jhonalyn M.	10,900.00			10,900.00	10,900.00
Copiaco, Ross Joseph	50.00			50.00	50.00
Cordero, Nelma	1,195.00			1,195.00	1,195.00
Cruz, Anita B.	25,000.00			25,000.00	25,000.00
Cruz, Anna Lisa D.	(944.00)			(944.00)	(944.00)
Cruz, Christybel O.	928.75			928.75	928.75
Cruz, Eloisa G.	3,362.50			3,362.50	3,362.50
Cruz, Felipe T.	1,200.00			1,200.00	1,200.00
Cruz, Janet R.	200.00			200.00	200.00
Cruz, John Ross R.	(4,500.00)			(4,500.00)	(4,500.00)
Cruz, Jose Noel	200.00			200.00	200.00
Cruz, Maricar	5,000.00			5,000.00	5,000.00
Cruz, Maritess	9.16			9.16	9.16
Cruz, Precita P.	(1,400.00)			(1,400.00)	(1,400.00)
Cruz, Reynaldo J.	934.05			934.05	934.05
Cruz, Rosalie dela	6.68			6.68	6.68
Cruz, Sandra Lyn D.	523.01			523.01	523.01
Cuartero, Pacifico C.	(1,700.00)			(1,700.00)	(1,700.00)
Culala, Harold John D.	(835.00)	5,000.00	(5,000.00)	(835.00)	(5,835.00)
Cunanan, Fernando M.	3,309.80			3,309.80	3,309.80
Cureg, Benedicto A.	5,522.64			5,522.64	5,522.64
Custodio, Joselito	50.00			50.00	50.00
Dado, Rorylyn H.	(1,000.00)			(1,000.00)	(1,000.00)
Dalton, Juanita C.	12,739.40			12,739.40	12,739.40
Dapla, Walter	3,851.29			3,851.29	3,851.29
Davalos, Zenaida R.	(499.20)			(499.20)	(499.20)
David, Melvira c.	300.00			300.00	300.00
Dean, Victoriano P.	3,412.50			3,412.50	3,412.50
Deatras, Jeffrey	(2,861.29)			(2,861.29)	(2,861.29)
Delloro, Evelyn	748.00			748.00	748.00
Demagante, Rey Francis G.	50.00			50.00	50.00
Destura, Blanca	224.56			224.56	224.56
Diaz, Aeneas Eli	(10,000.00)			(10,000.00)	(10,000.00)
Diaz, Reynaldo	255.00			255.00	255.00
Dingding, Quintin P.	70.00			70.00	70.00
Dino, Kristopher	400.00			400.00	400.00
Dizon, Mercy G.	(800.00)			(800.00)	(800.00)
Dones, Irene P.	600.00			600.00	600.00
Doria, Jeanette V.	(260.00)			(260.00)	(260.00)
Duena, Teodoro C., Jr.	(6,000.00)			(6,000.00)	(6,000.00)
Dulay, Sofronio C.	(10,636.95)			(10,636.95)	(10,636.95)
Dumadag, Norma M.	27,015.20			27,015.20	27,015.20
Dumas, Marvin C.	150.00			150.00	150.00
Dumdumaya, Myline Marie P.	(1,200.00)			(1,200.00)	(1,200.00)
Duque, Ronald	50.00			50.00	50.00

Duran, Benedict James D.	(47,271.57)		(47,271.57)	(47,271.57)
Echaz, Lydia B.	(20,362.80)		(20,362.80)	(20,362.80)
EDSA- Shangrila Plaza	1,300.00		1,300.00	1,300.00
Elman, Mario B.	(1,800.00)		(1,800.00)	(1,800.00)
Enriquez, Christian Jo C.	(4,939.39)		(4,939.39)	(4,939.39)
Enriquez, Emiliana	50.00		50.00	50.00
Enriquez, Rex Cesar	200.00		200.00	200.00
Escoltero, Emily	(2,917.93)		(2,917.93)	(2,917.93)
Escosia, Aurora A.	25,899.77	2,200.00	23,699.77	23,699.77
Eser, Myline S.	33,035.86		33,035.86	33,035.86
Espino, Kristine	112.00		112.00	112.00
Espinosa, William V.	6,431.00		6,431.00	6,431.00
Espiritu, Christine Joy	300.00		300.00	300.00
Esquibel, Elizabeth	5,000.00		5,000.00	5,000.00
Estabillo, Ma. Luz	529.50		529.50	529.50
Estacio, Ma. Vivian G.	(1,625.01)		(1,625.01)	(1,625.01)
Esteban, Alejandro L.	5,000.00		5,000.00	5,000.00
Estonanto, Mark Ronald L.	374.85		374.85	374.85
Estonanto, Mavi Issel L.	32,221.65		32,221.65	32,221.65
Estrella, Gloria	1,460.37		1,460.37	1,460.37
Estrella, Luisito P.	(300.00)		(300.00)	(300.00)
Fabito, Evelyn	2,163.00		2,163.00	2,163.00
Fabros, Marietta	5,295.67		5,295.67	5,295.67
Federigan, Melissa	946.25		946.25	946.25
Felizardo, Dante A.	10,000.00		10,000.00	10,000.00
Feraren, Mitchell	50.00		50.00	50.00
Fernandez, Benedict T. III	(4,400.00)		(4,400.00)	(4,400.00)
Fernandez, Dante Roel	699.00		699.00	699.00
Fernandez, Roderick	588.40		588.40	588.40
Fernando, Gerry V.	967.00		967.00	967.00
Fesalbon, Hermond F.	7,729.34		7,729.34	7,729.34
FEU Consumer's Coop.	3,295.85		3,295.85	3,295.85
FEU Credit Union	1,560.92		1,560.92	1,560.92
Fiesta, Erlinda P.	8,532.50		8,532.50	8,532.50
Figer, Reggy C.	24,300.00		24,300.00	24,300.00
Flojo, Flordeliza	168.50		168.50	168.50
Flores, Hanonica S.	50.00		50.00	50.00
Flores, Miguela T.	(102.50)		(102.50)	(102.50)
Flores, Raul	600.00		600.00	600.00
Flores, Renato C.	2,000.01		2,000.01	2,000.01
Flores, Roberto C.	(32,250.00)		(32,250.00)	(32,250.00)
Florida, Ma. Corazon M.	(1,800.00)		(1,800.00)	(1,800.00)
Foe, Jonathan	100.00		100.00	100.00
Frades, Francisca B.	9,002.85	9,132.85	-	(130.00)
Frias, Wilmer	5,000.00		5,000.00	5,000.00
Fuentes, Ma. Leda J.	7,060.00		7,060.00	7,060.00
Galang, Aurora C.	980.00		980.00	980.00
Galiza, Miguela S.	45,000.00		45,000.00	45,000.00
Gallardo, John	13,000.40		13,000.40	13,000.40
Garcia, Dolores A.	50,000.00		50,000.00	50,000.00
Garcia, Earl Jimson R.	6,000.00		6,000.00	6,000.00
Garcia, Lourdes C.	16.41		16.41	16.41
Garcia, Muriel B.	(6,500.00)		(6,500.00)	(6,500.00)
Garcia, Mylene M.	19,000.00	9,000.00	10,000.00	10,000.00
Garcia, Severino M.	624,147.34	293,384.98	330,762.36	330,762.36
Garin, May C.	29,900.00	4,900.00	25,000.00	25,000.00
Genota, Jaime F.	822.32		822.32	822.32
Gil, Aurora H. - PMSI	7,060.00		7,060.00	7,060.00

Go-Monilla, Ma. Joycelyn A.	280.31			280.31	280.31
Gonzaga, Jemabel	505.00			505.00	505.00
Gonzales, Fortune N.	397.50			397.50	397.50
Guardame, Quintal Nilo	305.72			305.72	305.72
Gubio, James B.	(4,000.00)		2,000.00	(4,000.00)	(6,000.00)
Guevarra, Remedios P.	10,297.00		6,000.00	4,297.00	4,297.00
Gupit, Dolores S.	(26,896.39)			(26,896.39)	(26,896.39)
Gutang, Marco P.	(2,353.33)			(2,353.33)	(2,353.33)
Guzman, Jericho D.	8,460.00			8,460.00	8,460.00
Guzman, Jimmy	150.00			150.00	150.00
Guzman, Jose	300.00			300.00	300.00
Hernandez, Alma R.	(1,337.50)			(1,337.50)	(1,337.50)
Hernandez, Angeline A.	7,491.70			7,491.70	7,491.70
Hilario, Jacqueline E.	662.50			662.50	662.50
Hore, Lelioso G.	300.00			300.00	300.00
Ibasco, Lourdes	350.00			350.00	350.00
Ignacio, Lourdes D.	6,983.00	4,900.00	12,233.00	-	(350.00)
Iguas, Jose A.	2,997.00		3,977.00	-	(980.00)
Imbang, Ma. Nathalie A.	3,772.50			3,772.50	3,772.50
Inciong, Cherry Wyne E.	7,500.00			7,500.00	7,500.00
Irabagon, Miramar	6,000.00			6,000.00	6,000.00
Isidro, Rosalina B.	(593.75)			(593.75)	(593.75)
Israel, Marietta C.	19,700.00		14,700.00	5,000.00	5,000.00
Jabile, Joel E.	50.00			50.00	50.00
Jagnis, Neil	300.00			300.00	300.00
Javier, Anabella G.	8,162.50			8,162.50	8,162.50
Jesus, Angelita SD.	5,714.30		5,714.22	0.08	0.08
Jimenez, Arsenia S.	5,970.00			5,970.00	5,970.00
Jimenez, Marietta	2,290.86			2,290.86	2,290.86
Jonson, Joyce Lisa B.	(48,424.97)			(48,424.97)	(48,424.97)
Jose, Corazon V.	5,409.20		3,350.63	2,058.57	2,058.57
Jose, Haidee R.	(1,446.80)			(1,446.80)	(1,446.80)
Junio, Nenitha L.	767.00			767.00	767.00
Kenny, Isabel		14,000.00		-	14,000.00
Laboy, Michael C.	20,818.00		15,166.37	5,651.63	5,651.63
Lagula, Janette	117.50			117.50	117.50
Lamboson, Roger C.	(4,000.00)			(4,000.00)	(4,000.00)
Lamorena, Juditha M.	44,893.20		24,000.00	20,893.20	20,893.20
Lantin, Rommel	1,383.31			1,383.31	1,383.31
Lapastora, Milagros P.	33,066.80		25,660.00	7,406.80	7,406.80
Lapuebla, Alfredo N.	2,490.00			2,490.00	2,490.00
Larano, Leonora	6,048.75		200.00	5,848.75	5,848.75
Larda, Edmundo D.	(1,500.00)			(1,500.00)	(1,500.00)
Laudato, Emmanuel N.	(1,200.00)			(1,200.00)	(1,200.00)
Laurente, Jaime R.	1,650.25			1,650.25	1,650.25
Lauro, Jocelyn P.	10,856.00			10,856.00	10,856.00
Lazaro, Ma. Teresita A.	3,205.00			3,205.00	3,205.00
Legaspi, Heidi	1,000.00			1,000.00	1,000.00
Leon, Emma Rose H.	22,750.00		6,250.00	16,500.00	16,500.00
Leonin, Clarito V.	(200.00)			(200.00)	(200.00)
Lewis, Salome	1,147.50			1,147.50	1,147.50
Liggayu, Michael	200.00			200.00	200.00
Lim, Nathaniel L.	317.00			317.00	317.00
Lintag, Graciel A.	1,180.16			1,180.16	1,180.16
Listana, Mary Rose	1,012.50			1,012.50	1,012.50
Lizaso, Marcelino N. Jr.	400.00			400.00	400.00
Lopez, Anastacio, Jr. L.	7,966.00		8,196.00	(230.00)	(230.00)
Lopez, Antonio P., Jr.	15.34			15.34	15.34

Lopez, Fernando M.	250.00			250.00	250.00
Lopez, Mercedesita P.	252.50			252.50	252.50
Loza, Luningning R.	748.00			748.00	748.00
Lugtu, Blyth	5.00			5.00	5.00
Luna, Lillian N.	967.14			967.14	967.14
Macadangdang, Luzviminda	(137.50)			(137.50)	(137.50)
Macalaguing, Mateo D. Jr.	10,000.00			10,000.00	10,000.00
Macalalad, Consuelo	150.00			150.00	150.00
Macaraeg, Paul	30,000.00		23,563.77	6,436.23	6,436.23
Macario, Christopher	50.00			50.00	50.00
Magayaga, Lea Q.	(7,059.99)			(7,059.99)	(7,059.99)
Magtoto, Eliseo	200.00			200.00	200.00
Malabag, Pastor B.	2,638.58			2,638.58	2,638.58
Malinao, Marivic	110.00			110.00	110.00
Maliwat, Herminia I.	861,567.51		253,815.36	607,752.15	607,752.15
Malot, Edmund Francis	100.00			100.00	100.00
Manalili, Golda P.	50.00			50.00	50.00
Mananquil, Amado	1,800.00			1,800.00	1,800.00
Manansala, Paolo	81.58			81.58	81.58
Mangahas, Roser Benjamin	1,397.00			1,397.00	1,397.00
Manicsic, Teresa B.	84.00			84.00	84.00
Manigan, Alma C.	7.61			7.61	7.61
Manlapaz, Divine Grace	5,000.00			5,000.00	5,000.00
Manlapaz, Victor	1,200.00			1,200.00	1,200.00
Manrique, Elenita	17,000.00			17,000.00	17,000.00
Matullano, Edgardo C.	1,248.86			1,248.86	1,248.86
Mazo, Flaviano S.	780.00			780.00	780.00
MC Entee, Keneline M.	3,928.90			3,928.90	3,928.90
Medina, Joy E.	2,419.52	0.33	2,829.37	-	(409.52)
Medina, Ma. Ana Karina S.	25.94			25.94	25.94
Medina, Merle S.	(1,075.25)			(1,075.25)	(1,075.25)
Medrano, Rosalinda	935.50			935.50	935.50
Membrot, Ezitiel R.	2,150.00			2,150.00	2,150.00
Mendoza, Cecilia H.	(6,186.77)			(6,186.77)	(6,186.77)
Mendoza, Florina M.	300.00			300.00	300.00
Mendoza, Jobert	10,000.00			10,000.00	10,000.00
Menez, Karren G.	(550.00)			(550.00)	(550.00)
Menorca, Emmanuel S.	(282.00)	32.00		(250.00)	(250.00)
Mercado, Annabelle K.	3,758.55			3,758.55	3,758.55
Miguel, Emmanuel C.	6,619.60			6,619.60	6,619.60
Milarpis, Joel	4,000.00			4,000.00	4,000.00
Minas, Geraldine C.	1,050.00			1,050.00	1,050.00
Miranda, Dennis	4,100.00			4,100.00	4,100.00
Mondares, Lailani D.	(1,000.00)			(1,000.00)	(1,000.00)
Monong, Cora	6,000.00			6,000.00	6,000.00
Morimonte, Bonifacio D.	500.00			500.00	500.00
Mortel, Honorardo M.	(247.00)			(247.00)	(247.00)
Mortell, Gideon	5,237.46			5,237.46	5,237.46
Nagal, Glenn Z.	586,647.34		255,884.98	330,762.36	330,762.36
Narval, Antonio G.	520.80			520.80	520.80
Natera, Malvin G.	4,121.97			4,121.97	4,121.97
Nau, Elizabeth S.	93.75		187.50	(93.75)	(93.75)
Nava, Delfin D.	767.00			767.00	767.00
Nicer, Joselito C.	(65,500.85)			(65,500.85)	(65,500.85)
Nietes, Raymond G.	16,689.30			16,689.30	16,689.30
Ninobla, Magnolia	170.00			170.00	170.00
Ninubla, Shiela	1,018.53			1,018.53	1,018.53
Nolasco, Maria Sylva	1,775.00			1,775.00	1,775.00

Noriega, Mariwilda I.	(7,306.55)			(7,306.55)	(7,306.55)
Nuestro, Sarah Joyce	15,000.00	4,052.03		10,947.97	10,947.97
Nulla, Mila R.	21,433.75			21,433.75	21,433.75
Oasan, Albert C.	750.00			750.00	750.00
Ocampo, Wilfredo T.	1,150.00			1,150.00	1,150.00
Olipas, Lorina L.	200.00			200.00	200.00
Ong, Emil	417.53			417.53	417.53
Orjalo, Victoria G.	200.00			200.00	200.00
Ortiz, Jose	(4,882.00)			(4,882.00)	(4,882.00)
Ortiz, Milixa Lourdes B.	5,000.00			5,000.00	5,000.00
Oyzon, Gualberto J.	3,002.80			3,002.80	3,002.80
Padilla, Maria Eleanor T.	1,430.50			1,430.50	1,430.50
Pahutan, Ludivinia M.	17,682.30	17,882.30	(200.00)	-	(200.00)
Palparan, Karoline L.	(900.00)			(900.00)	(900.00)
Pamintuan, Jose Edmundo E.	100.00			100.00	100.00
Pangilinan, Christopher	1,316.80			1,316.80	1,316.80
Pangilinan, Genice R.	1,520.00	2,520.00	(1,000.00)	-	(1,000.00)
Pantas, Felix Jr.	(3,482.50)			(3,482.50)	(3,482.50)
Pante, Ronald S.	600.00			600.00	600.00
Paraiso, Lourdes Oliva C.	90,410.00	5,562.50		84,847.50	84,847.50
Paras, Renato	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Pasag, Maribeth	315.00			315.00	315.00
Pascua, Jennifer J.	44,977.91	4,000.00		40,977.91	40,977.91
Pascual, Perfecto	350.00			350.00	350.00
Pataunia, Ma. Cecilia	5.16			5.16	5.16
Patricio, Natividad	598.75			598.75	598.75
Paz, Rosalinda Z.	32,509.00	3,796.00	27,500.00	5,009.00	8,805.00
Pekson II, Enrique Arvin	(43,488.12)			(43,488.12)	(43,488.12)
Pelareja, Juanito Y.	213.00			213.00	213.00
Perez, Crismin	10,591.34			10,591.34	10,591.34
Perez, Jose R. Jr.	52.20			52.20	52.20
Pimentel, Stephanie	285.00			285.00	285.00
Pineda, Rodolfo G.	71.26	221.25	(149.99)	-	(149.99)
Ponsaran, Levy C.	2,450.00			2,450.00	2,450.00
Portiz, Ellen	207.50			207.50	207.50
Pring, Melanie	5,000.00			5,000.00	5,000.00
Publico, Hilario Q.	5,376.50			5,376.50	5,376.50
Puertollano, Derek	250.00			250.00	250.00
Pulmano, Zelmo	8,000.00			8,000.00	8,000.00
Puro, Kristopher John	150.00			150.00	150.00
Querijero, Glen Hilario M.	5,000.00			5,000.00	5,000.00
Quiambao, Arlene	358.50			358.50	358.50
Quijano, Virginia A.	7,220.00			7,220.00	7,220.00
Quijencio, Wilfredo D.	666.00			666.00	666.00
Quintanar, Janeth A.	5,366.56			5,366.56	5,366.56
Quinto, Myrna P.	9,060.00	2,000.00		7,060.00	7,060.00
Quirimit, Luzviminda	1,942.77			1,942.77	1,942.77
Ragonjah, Homer Jay D.	15.00			15.00	15.00
Ramon, Elizabeth A. de - PMSI	7,060.00			7,060.00	7,060.00
Ramones, Rhozallino C.	5,000.00			5,000.00	5,000.00
Ramos, Donna B.		11.50	(11.50)	-	(11.50)
Ramos, Erlinda L.	10,000.00			10,000.00	10,000.00
Ramos, Leonora A.	2,250.00	717.11		1,532.89	1,532.89
Ramos, Ma. Theresa L.	853.81			853.81	853.81
Rana, Aurelio Y.	23,498.08	26,631.00	(3,132.92)	-	(3,132.92)
Rapirap, Raquel T.	8,288.00			8,288.00	8,288.00
Rasalan, Julia	772.50			772.50	772.50
Redulla, Everjeann Christie R.	34.71			34.71	34.71

Remiendo, Noraliza A.	902.09	892.09	10.00	10.00
Remigio, Warley	100.00		100.00	100.00
Retardo, Victor C.	(600.00)		(600.00)	(600.00)
Reyes, Byron M.	200.00		200.00	200.00
Reyes, Herbert D.	4,555.00		4,555.00	4,555.00
Reyes, Melodia S.	6,834.00		6,834.00	6,834.00
Reyes, Ruby	572.50		572.50	572.50
Reymundo, Samuel	50.00		50.00	50.00
Rivera, Myrna T.	(1,420.25)		(1,420.25)	(1,420.25)
Rizada, Ryan Joseph	9,159.80		9,159.80	9,159.80
Ronda, Ma. Lea A.	300.00		300.00	300.00
Rosa, Giovanni dela	551.63		551.63	551.63
Rosario, Alma del		7,060.00	(7,060.00)	(7,060.00)
Rosario, Hilario - PMSI	14,120.00		14,120.00	14,120.00
Rosete, Dwight Benedict N.	1,500.00	2,000.00	(500.00)	(500.00)
Roxas, Ronald L.	8,000.00		8,000.00	8,000.00
Rubillos, Leonardo I.	(600.00)		(600.00)	(600.00)
Ruzol, Hipolito S.	300.00		300.00	300.00
Sabaupan, Sylvette G.	23,364.75		23,364.75	23,364.75
Sabaybay, Jocelyn L.	666.00		666.00	666.00
Saldua, Eder John	(5,000.00)		(5,000.00)	(5,000.00)
Salonga, Lea	50.00		50.00	50.00
Salud, Alann M.	(520.00)		(520.00)	(520.00)
Salvacion, Dennis C.	(3,000.00)		(3,000.00)	(3,000.00)
Salvador, Esther D.	18.00		18.00	18.00
San Pablo, Ma.Cecilia A.	492.25		492.25	492.25
Sansaet, Sheery O.	(107.50)	53.75	(53.75)	(53.75)
Sante, Nova C.	(981.25)		(981.25)	(981.25)
Santiago, Christopher G.	9,638.17		9,638.17	9,638.17
Santiago, Edwin B.	50.00		50.00	50.00
Santiago, Genine	1,130.00		1,130.00	1,130.00
Santillan, Vivian M.	190.00		190.00	190.00
Santos, Arwind	49,990.00		49,990.00	49,990.00
Santos, Carmelita C.	(1,391.64)		(1,391.64)	(1,391.64)
Santos, Danilo B.	2,645.25		2,645.25	2,645.25
Santos, Dinia	251.25		251.25	251.25
Santos, Florentino I.	(1,788.00)		(1,788.00)	(1,788.00)
Santos, Glecerio	200.00		200.00	200.00
Santos, Jing	267.00		267.00	267.00
Santos, Mary Lord	5,000.00		5,000.00	5,000.00
Santos, Michelle R.	574.56		574.56	574.56
Santuile, Aida M.	8,000.00		8,000.00	8,000.00
Sapitula, Preciosa S.	1,586.57		1,586.57	1,586.57
Sarita, Larry	50.00		50.00	50.00
Sarmiento, Lina Q.	7,325.77	1,634.15	5,691.62	5,691.62
Sauco, Carlos P.	5,206.14		5,206.14	5,206.14
Sayco, Marjorie	206.50		206.50	206.50
Sido, Ma. Victoria P.	6,125.80	6,000.00	125.80	125.80
Sin, Glenda S.	7,060.00		7,060.00	7,060.00
Sinang, Rolando R.	7,263.50		7,263.50	7,263.50
Sincioco, Mary Ann	207.50		207.50	207.50
Siongco, Ma. Teresita	2,000.00		2,000.00	2,000.00
Sioson, Annabelle P.	60.00		60.00	60.00
Sioson, Yolanda J.	57,480.00		57,480.00	57,480.00
Soliman, Norma P.	7,060.00		7,060.00	7,060.00
Sopoco, Anna Marie M.	1,890.00		1,890.00	1,890.00
Soria, Eulegio E.	1,000.00		1,000.00	1,000.00
Soronel, Rolando A.	1,175.00		1,175.00	1,175.00

Sta. Ana, Noemi V.	311.00				311.00	311.00
Tabaloc, Edgardo U. Jr.	51.58				51.58	51.58
Tabaniag, Flordeliza	63.75				63.75	63.75
Tablizo, Anne Margareth	206.50				206.50	206.50
Tagle, Susan M.	5,051.41				5,051.41	5,051.41
Tamay, Shariff M.	5,000.00				5,000.00	5,000.00
Tamayao, Olivia E.	4,996.60				4,996.60	4,996.60
Tan, Carolina M. - PMSI	7,060.00				7,060.00	7,060.00
Tan, Cedrick - PMSI	(4,875.00)				(4,875.00)	(4,875.00)
Tan, Derrick - PMSI	15,187.00				15,187.00	15,187.00
Tan, Mary Joyce P.- PMSI	7,060.00				7,060.00	7,060.00
Tan, Ryanne	117.50				117.50	117.50
Tapalgo, Elyn M. Jr.	(2,657.50)				(2,657.50)	(2,657.50)
Tapit, Neila E.	(672.00)				(672.00)	(672.00)
Tecson, Rhenalyn	311.00				311.00	311.00
Teoxon, Lucio	379.82				379.82	379.82
Tibayan, Florencia C.	305.00				305.00	305.00
Tiburcio, Jaime, Jr.	2,007.50				2,007.50	2,007.50
Timbugan, Josefina - PMSI	7,060.00	7,060.00	7,060.00	7,060.00	-	7,060.00
Tingcungco, Elizabeth G.	259.02				259.02	259.02
Tirazona, Renato A.	1,989.92	3.00		3.00	1,989.92	1,989.92
Tiu, Michael	200.00				200.00	200.00
Togado, Illumar I.	5,250.00		1,250.00		4,000.00	4,000.00
Tomas, Eden A.	943.00				943.00	943.00
Torres, Irma R.	(300.00)				(300.00)	(300.00)
Torres, Maruja T.	206.50				206.50	206.50
Trinidad, Alfredo D.	329.07				329.07	329.07
Trinidad, Josefina	170.00				170.00	170.00
Tuazon, Nino M.	356.25				356.25	356.25
Unidad, Kim Ryan	100.00				100.00	100.00
Ureta, Peter	9,397.10				9,397.10	9,397.10
Usita, Laarni P.	23,069.00				23,069.00	23,069.00
Utzurrum, Jonathan B.	7,178.00				7,178.00	7,178.00
Uy, Moira B.	4,000.00				4,000.00	4,000.00
Uyson, Leslie Marie C.	15,372.00				15,372.00	15,372.00
Valdez, Ferdinand	1,000.00				1,000.00	1,000.00
Valdez, Gloria	1,237.50				1,237.50	1,237.50
Valencia, Jean Pauline S.	(5,198.00)				(5,198.00)	(5,198.00)
Valencia, Ma. Theresa L.	3,195.00		2,665.00		530.00	530.00
Valencia, Venancio	300.00				300.00	300.00
Valente, Jovito S.	(2,659.60)				(2,659.60)	(2,659.60)
Valenzuela, Edwin E.	300.00				300.00	300.00
Vallo, Mary Rose C.	175.00				175.00	175.00
Valmonte, Alejandra Monica	205.25				205.25	205.25
Varilla, Edglyn G.	5,140.61				5,140.61	5,140.61
Vega, Jose Mario D.	300.00				300.00	300.00
Velasco, Antonio Y.	650.10				650.10	650.10
Vera, Antonio	25,813.45		25,813.42		0.03	0.03
Vera, Jose Rizalito c.	(5,400.00)				(5,400.00)	(5,400.00)
Vera, Sebastian	(2,300.00)				(2,300.00)	(2,300.00)
Verances, Ma. Laline V.	(841.50)				(841.50)	(841.50)
Vergara, Flocerfida - PMSI	(35,220.00)				(35,220.00)	(35,220.00)
Vergara, Melchor - PMSI	(7,060.00)				(7,060.00)	(7,060.00)
Vergara, Oliver Francis - PMSI	(7,060.00)				(7,060.00)	(7,060.00)
Vergara, Regidor - PMSI	(7,060.00)				(7,060.00)	(7,060.00)
Vergara, Romeo - PMSI	21,180.00				21,180.00	21,180.00
Verzosa, Bobby	100.00				100.00	100.00
Vibar, Enrico B.	7,200.00				7,200.00	7,200.00

Vicera, Desmond M.	200.00			200.00	200.00
Victoria, Michael S.	(640.00)			(640.00)	(640.00)
Villaceran, Eugenio V.	(18,230.98)			(18,230.98)	(18,230.98)
Villamiel, Carminda	(29,288.90)			(29,288.90)	(29,288.90)
Villanueva, Ace R.	26.98			26.98	26.98
Villanueva, Jerome	400.00			400.00	400.00
Villanueva, Jonas V.	(13,073.00)			(13,073.00)	(13,073.00)
Villanueva, Ma. Concepcion	5,330.00		330.00	5,000.00	5,000.00
Villapando, Marimel A.	200.00			200.00	200.00
Villar, Gerald	7,060.00			7,060.00	7,060.00
Vinluan, Lourdes R.	41,328.00		42,000.00	-	(672.00)
Vivas, Cherry Mae	300.00			300.00	300.00
Woolsey, Nida B.	268.00	10.00		268.00	278.00
Yabis, Geraldine	97.50			97.50	97.50
Yang, Gloria	45,000.00			45,000.00	45,000.00
Yanzon, Gina	500.00			500.00	500.00
Yap, Caridad P.	(4,841.00)			(4,841.00)	(4,841.00)
Yatco, Ma. Carmen S.	29,320.00			29,320.00	29,320.00
Zaldivar, Felicia P.	(672.00)			(672.00)	(672.00)
Zaldivar, Ramil P.	5,000.00			5,000.00	5,000.00
Zara, Marc Vincez R.	2,500.00			2,500.00	2,500.00
Zulueta, Michael R.	7,000.00			7,000.00	7,000.00
	4,830,040.90	84,829.38	2,023,033.70	(15,194.39)	2,907,030.97
					2,891,836.58

FACULTY ADVANCES

Agoncillo, Divina Gracia O.	1,986.94				1,986.94
Aguilos, Susan S.	2,983.13				2,983.13
Alona, Elizabeth V.	(5,295.67)				(5,295.67)
Altares, Priscilla S.	(37.62)				(37.62)
Anastacio, Nanette v.	(5,295.67)				(5,295.67)
Ansano, Bela R.	11,590.42				11,590.42
Austria, Rex S.	(2,160.00)				(2,160.00)
Avengoza, Rosalie J.	(6,518.64)				(6,518.64)
Badiola, Jose Luisito V.	(0.52)				(0.52)
Bautista, Mary Grace S.	(5,295.67)				(5,295.67)
Cano, Charito F.	847.27				847.27
Castro, Lawrence Christopher	1,765.22				1,765.22
Cruz, Sandra Lyn E.	44,290.05				44,290.05
Dimalibot, Martina Geraldine Q.	1,926.98				1,926.98
Estacio, Ma. Vivian G.	3,832.70				3,832.70
Gariguez, Mariflor N.	10,591.34				10,591.34
Garin, May C.	5,534.22				5,534.22
Isip, Amando F.	(1,323.91)				(1,323.91)
Javier, Nancy Joan M.	5,295.67				5,295.67
Jose, Franco C.	(6,619.59)				(6,619.59)
Malay, Ernesto B.	20,910.00				20,910.00
Martinez, Zenaida S.	(7,943.50)				(7,943.50)
Minas, Geraldine C.	(3,150.00)				(3,150.00)
Narciso, Wilfrida B.	5,295.67				5,295.67
Nau, Elizabeth S.	(50.00)				(50.00)
Pacot, Marilou M.	(7,943.50)				(7,943.50)
Permalino, Albert Emmanuel S.	7,060.89				7,060.89
Sagarino, Gavino N.	(5,295.67)				(5,295.67)
Salcedo, Liezel Donatila M	17,190.24				17,190.24
Salonga, Ma. Elena A.	147.16				147.16
Salunga, Loida P.	14,960.54				14,960.54
Salvado, Rowena E.	22,160.26				22,160.26

Santos, Buenvenida	3,971.75				3,971.75
Santos, Katherine Vera A.	(32.50)				(32.50)
Santos, Melody Christian R.	3,909.51				3,909.51
Simo, Rickson Jay	(21,182.72)				(21,182.72)
Tia, Christopher B.	(0.03)				(0.03)
Trinidad, Josefina M.	1,690.82				1,690.82
Villanueva, Rosalie R.	(10,591.34)				(10,591.34)
Villegas, Ma. Marissa M.	(10,591.34)				(10,591.34)
Villorente, Elizabeth F.	1,323.91				1,323.91
Vinluan, Renato A.	2,028.62				2,028.62

Total	<u>4,922,006.32</u>	<u>84,829.38</u>	<u>2,023,033.70</u>	<u>(15,194.39)</u>	<u>2,983,802.00</u>
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Ampatin, Estrella V.			560.00	(560.00)	(560.00)
Arquiza, Glenda S.	7,500.00				7,500.00
Cabasada, Albert R. III	53,317.71	28,629.64	55,848.00		26,099.35
Caratao, Jinky Rosario	6,800.00				6,800.00
Cruz, Reynaldo J.			5,000.00		(5,000.00)
Diwa, Alvin S.	40,400.00		8,616.09		31,783.91
Faustino, Jose V.	96,311.35	14,000.00	93,660.08		16,651.27
Fernando, Gerry V.	(1,282.30)	7,560.00	7,560.00		(1,282.30)
Frades, Francisca B.	(451.32)				(451.32)
Garin, May C.	66,130.23		20,000.00		46,130.23
Leon, Jocelyn E. de	(0.50)	9,984.46	3,643.80	6,339.66	6,340.16
Molina, Mark Oliver P.	(4,232.06)	79,950.00	80,950.00	(1,000.00)	(5,232.06)
Paraiso, Lourdes Oliva	0.20				0.20
Pizaro, Arthur	1,200.00				1,200.00
Salvador, Mary Grace C.	16,000.00				16,000.00
Sarabia, Juliet S.	12,755.00		8,000.00		4,755.00
Soria, Eulegio	1,777.00				1,777.00
Tolentino, Rosula R.	8,646.70	24,620.03	24,620.03		8,646.70
Villanueva, Romulo	5,212.00				5,212.00
Villar, Gerald	20,388.77				20,388.77
Yang, Gloria G.	94,260.00	82,169.20	164,669.20		11,760.00

	<u>5,346,739.10</u>	<u>331,742.71</u>	<u>2,496,160.90</u>	<u>(10,414.73)</u>	<u>3,182,320.91</u>
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APRIL 2008 - MARCH 2009

JANUARY 2008- C/A

Abelardo, Luzviminda	9,404.00	40,484.38	33,888.38	16,000.00	16,000.00
Abella, Bernard	(5.68)	24.78	15.22	3.88	3.88
Abellera, Evelyn C.		6,186.20	5,593.10	593.10	593.10
Abello, Susan B.		6,119.00	5,003.00	-	1,116.00
Acosta, Marizon Isabel R.		400.00	600.00	-	(200.00)
Adil, Mary Antoinette		200.00		200.00	200.00
Advincula, Helen D.		20,250.00	250.00	20,000.00	20,000.00
Aguila, Fitzgerald		11,000.00		-	11,000.00
Ahmadzadeh, Teresita	16.00	15,521.25	14,826.63	-	710.62
Alabarca, Wilma J.		8,167.50	5,017.50	-	3,150.00
Alagao, Ma. Cristina T.		1,844.25	1,660.57	-	183.68
Alarde, Crispulo, Jr.	18,962.50	74,905.25	93,207.75	-	660.00
Albano, Allan Rey	4,000.00				4,000.00
Alcoberes, Philip Jay N.	170.00	10,850.25	12,020.25	-	(1,000.00)
Alcoriza, Jennifer M.			600.00	-	(600.00)
Alimuin, Sylvia A.	1,444.75	16,700.25	16,794.88	-	1,350.12
Amlog, Jocelyn		300.00	200.00	-	100.00
Anido, Cecilia I.	500.05	7,473.00	3,586.38	-	4,386.67
An Lim, Jaime L.	115,649.75	45,060.00	41,209.75	19,500.00	119,500.00
Anonuevo, Monica L.	300.00	14,175.42	10,075.42	-	4,400.00
Apostol, Esther S.		787.50	975.00	-	(187.50)
Arabia, Julieta S.	9,934.00	76,459.80	69,763.90	-	16,629.90
Areola, Vina		15,200.00	7,500.00	-	7,700.00
Arquiza, Glenda		150,624.00	77,624.00	-	73,000.00
Arriola, Eric John C.		10,000.00	10,200.00	-	(200.00)
Artezueta, Marilou		39,414.00	414.00	-	39,000.00
Artus, Liezel C.	200.00	650.00	997.50	(147.50)	(147.50)
Atanacio, Heidi C.		31,328.00	14,664.00	-	16,664.00
Atanque, Aurora L.	82.00	79,403.80	64,696.40	-	14,789.40
Ayson, Rosalino P.	5,042.50	17,342.38	12,357.25	-	10,027.63
Ayson, Rozsano V.		14,865.00	13,378.50	-	1,486.50
Baccay, Yolanda A.	1,650.00	49,838.53	31,488.53	-	20,000.00
Badiola, Jose Luisito V.		200.00		-	200.00
Balaoro, Maria Theresa	200.00	7,885.00	8,285.00	-	(200.00)
Balarosan, Edna G.		21,580.00	19,386.66	-	2,193.34
Balita, Paulita C.	16,463.19	183,021.40	164,775.86	-	34,708.73
Bantayan, Maria Emilia R.		10,000.00	1,650.00	-	8,350.00
Baquiran, Leonidez		200.00		-	200.00
Barroga, Junalyn	145.00				145.00
Bartolome, Liezel M.		27,378.00	24,902.40	-	2,475.60
Batan, Ericson S.		10,991.60	9,475.00	-	1,516.60
Batang, Delia S.		37,578.00	27,578.00	-	10,000.00
Batoon, Allen		850.00		-	850.00
Bautista, Danilo B.	772.50	7,200.00	3,472.50	-	4,500.00
Belardo, Amy G.		26,666.00	24,916.00	-	1,750.00
Belaya, Vina Grace C.			1,862.40	-	(1,862.40)
Belleza, Asuncion L.	15,000.00	35,000.00	9,189.00	-	40,811.00
Beltran, Edna M.		25,214.08	17,714.08	-	7,500.00
Belza, Mercedes A.	998.00	85,073.80	71,488.00	-	14,583.80
Bernardo, Rodrigo G.	8,389.25	75,412.00	62,389.25	-	21,412.00
Bingculado, Roger B.	2,500.00	34,000.00	34,000.00	-	2,500.00
Bontigao, Eli N.	1,200.00	9,856.00	9,056.00	-	2,000.00
Borja, Sofriano A.	7,000.00	15,000.00	11,250.00	-	10,750.00
Brigino, Frederick L.		800.00	825.00	-	(25.00)
Brillon, Cherish Aileen A.	31.00	23,800.00	23,856.00	-	(25.00)
Bueno, Marivie	370.75				370.75

Buot, Joseph		600.00		-	600.00
Bustamante, Maria Christine H.	10,000.00	6,800.00	16,200.00	-	600.00
Butcon, Vincent Edward R.		800.00	825.00	-	(25.00)
Cabaltica, Leilani A.	4,000.00	146,580.00	93,193.33	-	57,386.67
Cabasada, Albert R. III		7.00	12,307.00	-	(12,300.00)
Cabebe, Lolita D.	65.00	791.00	921.00	-	(65.00)
Cabilto, Gerardo P.		17,000.00	6,200.00	-	10,800.00
Cajucom, Cherry H.	2,979.34	11,580.00	10,172.67	-	4,386.67
Cajucom, Marie Christine B.		850.00		-	850.00
Calub, May Virginia Blesilda		200.00		-	200.00
Camaciang, Merlita J.	749.00	12,890.86	7,070.24	-	6,569.62
Camana, Love V.		17,760.00	15,085.00	-	2,675.00
Canare, Sabino C.			375.00	-	(375.00)
Cando, Cromwell N.		20,000.00	16,000.00	-	4,000.00
Canilao, Fe V.		506,704.00	402,317.33	-	104,386.67
Canoza, Geraldine E.		48,661.30	46,780.30	-	1,881.00
Capacio, Glenn		50,000.00	55,000.00	-	(5,000.00)
Capili, Regina R.	2,533.50	4,616.75	7,568.38	-	(418.13)
Caranguian, Reynaldo G.		9,836.00	37.00	-	9,799.00
Carlos, Salome S.	1,170.00	950.00	2,970.00	-	(850.00)
Carpio, Rustica		1,788.00		-	1,788.00
Casaclang, Editha U.	65.00	17,244.01	15,133.35	-	2,175.66
Castillo, Carolina		45,000.00	21,000.00	-	24,000.00
Castro, Bryan M.		2,472.00	1,800.00	-	672.00
Castro, Joeven R.		23,124.25	17,965.46	-	5,158.79
Castronuevo, Elaine P.		15,028.50	13,778.50	-	1,250.00
Casuco, Leonida S.	180.00	28,614.40	43,408.80	-	(14,614.40)
Cauba, Harvey A		200.00		-	200.00
Cayetano, Lovella M.		36,813.25	30,813.25	-	6,000.00
Chastein, Cherry R.		61,500.00	51,500.00	-	10,000.00
Cinco, Concepcion R.		10,025.00	25.00	-	10,000.00
Cinco, Estrella J.		10,356.65	12,456.65	-	(2,100.00)
Ciubal, Willie Y.		10,054.00	6,904.00	-	3,150.00
Civil, Jerwin John Y.		14,000.00	15,933.20	-	(1,933.20)
Clerigo, Bernard A.		11,538.00	9,786.00	-	1,752.00
Contreras, Jelina Joy S.		39,200.00	200.00	-	39,000.00
Copiaco, Ross Joseph B.	2,979.34	6,580.00	5,222.67	-	4,336.67
Cortez, Lina			88.76	(88.76)	(88.76)
Cruz, Benjamin F.	25,000.00	105,000.00	100,000.00	-	30,000.00
Cruz, Noel L.	26,433.91		6,000.00	-	20,433.91
Cruz, Reynaldo J.		167.15	167.00	-	0.15
Cuevas, Romeo C.		1,459.72	1,459.00	-	0.72
Cunanan, Manuel Luis		154,000.00		-	154,000.00
Dacayanan, Marites G.		6,889.00	7,126.04	-	(237.04)
Daguman, Ian		650.00		-	650.00
Davalos, Zenaida R.	800.00	548.00	1,098.00	-	250.00
David, Melvira C.		15,037.00	15,372.00	-	(335.00)
Decena, May Celine		272.00		-	272.00
Destura, Blanca	2,618.25	13,628.50	5497.17	-	10,749.58
Diaz, Joel		850.00		-	850.00
Dimalibot, Ma. Martina Geraldine		200.00		-	200.00
Dingding, Quintin P.	120.00	44,521.50	20,641.50	-	24,000.00
Dios, Rolando Gerald		200.00		-	200.00
Dizon, Kenneth Earl I.		400.00	200.00	-	200.00
Dizon, Riza R.		100.00	200.00	-	(100.00)
Dominguez, Rex S.	4,992.00	81,307.07	61,959.41	-	24,339.66
Dones, Irene P.		38,226.00	10,826.00	-	27,400.00
Ducut, Mirela G.		48,714.45	11,549.85	-	37,164.60

Dulay, Sofronio A. Jr.		48,450.00	29,250.00	-	19,200.00
Echaz, Lydia B.		50,000.00		-	50,000.00
Eleazar, Glenda C.	17,625.00	41,580.00	24,818.33	-	34,386.67
Enriquez, Rex Cezar P.		837.50	1,037.50	-	(200.00)
Ermitano, Nolivienne C.		650.00	887.50	-	(237.50)
Escleto, Wilberto		10,800.00	10,825.00	-	(25.00)
Escosia, Aurora A.	2,257.95	46,582.30	42,971.19	-	5,869.06
Esguerra, Anna Leah R.		200.00		-	200.00
Espiritu, Elizabeth O.		2,380.00	842.66	-	1,537.34
Estacio, Ma. Vivian G.		68,269.00	54,495.67	-	13,773.33
Estrella, Luisito P.	5,000.00	26,352.00	25,652.00	-	5,700.00
Evangelista, Rey M.	250.00	70,099.37	42,040.18	-	28,309.19
Faustino, Jose V.	18,173.86	102,087.65	107,152.32	-	13,109.19
Ferareza, Rimar	250.00			-	250.00
Fernando, Gerry V.		21,096.98	1,096.98	-	20,000.00
Flora, Dolores	12,750.00	15,171.00	17,146.67	-	10,774.33
Flores, Cecilia D.		100.00		-	100.00
Flores, Miguela T.		76,000.00	32,666.67	-	43,333.33
Frades, Francisca B.	169.00	58,292.00	20,979.00	-	37,482.00
Fronza, Adelaida C.		5,044.00	6,044.00	-	(1,000.00)
Galang, Lemery N.		5,477.00	5,000.00	-	477.00
Galicia, Reynaldo M.	200.00	30,426.00	23,484.00	-	7,142.00
Galo, Crispin L.	20,742.58	1,800.00	22,542.25	-	0.33
Garcia, Dolores A.		100.00		-	100.00
Garcia, Miriam		10,845.75	1,807.63	-	9,038.12
Garcia, Severino M.		200,000.00	133,336.00	-	66,664.00
Garin, May C.		15,011.75	30,011.77	-	(15,000.02)
Gella, Delia D.		200.00		-	200.00
Gella, Frederick S.		25,122.75	27,122.85	-	(2,000.10)
Gemzon, Elena F.	464.50	5,483.00	2,292.17	-	3,655.33
Gervacio, Ma. Cristina SJ.	240.00	5,328.00	5,808.00	-	(240.00)
Gilera, Enrico G.		213,790.15	145,474.41	-	68,315.74
Golloso, Helen E.		14,745.50	10,245.51	-	4,499.99
Gomez, Rhia A.		1,000.00	1,025.00	-	(25.00)
Grasparil, James Andrew		35,004.39	36,579.39	-	(1,575.00)
Guarin, Ellen G.		400.00		-	400.00
Gubio, James B.		16,477.00	14,077.00	-	2,400.00
Guevarra, Dorvin H.	9,163.71	5,775.00	11,545.91	-	3,392.80
Guevarra, Ma. Theresa M.	425.00	104.00	954.00	-	(425.00)
Gurree, Ruby		1,214.00	1,014.00	-	200.00
Gusi, Rechilda D.	310.00	1,746.55	1,235.15	-	821.40
Gutierrez, Maria Myrel M.		15,000.00	7,500.00	-	7,500.00
Hernandez, Jan Joseph S.		5,957.25	4,770.80	-	1,186.45
Hilario, Gilbert P.		10,991.60	9,474.80	-	1,516.80
Hilario, Jose S.		1,466.93	1,466.50	-	0.43
Ignacio, Lourdes D.	54,000.00	37,534.24	60,542.67	-	30,991.57
Iguas, Jose A.	190.00	55,370.33	44,452.63	-	11,107.70
Inciong, Cherry Wyne		15,551.00	15,074.00	-	477.00
Indico, Julie Ann	348.50	2,776.96	2,776.96	-	348.50
Isidro, Teresita L.		15,780.50	11,539.50	-	4,241.00
Israel, Marietta C.	5,573.40	26,138.42	13,209.90	-	18,501.92
Jamon, Romano M.		400.00	200.00	-	200.00
Jarlos, Anna Liza		10,483.00	6,827.67	-	3,655.33
Javier, Mary Jacquelou		200.00		-	200.00
Jayme, Fatima Winniclar Q.	31.25	20,450.00	481.25	-	20,000.00
Jerusalem, Violeta L.	70,502.00	196,789.76	221,554.48	-	45,737.28
Jesus, Angelita SD.	502.50	10,436.00	6,551.83	-	4,386.67
Jose, Angelina P.		341,383.87		-	341,383.87

Kenny Isabel		50,000.00		-	50,000.00
Kuan, Robert		543,032.13		-	543,032.13
Labartine, Elvira C.		10,250.00	7,750.00	-	2,500.00
Lacsamana, Recuerdo G.		12,000.00	9,750.00	-	2,250.00
Lakian, Teodosio		21,706.63	23,356.63	-	(1,650.00)
Lamorena, Juditha M.	120.00	127,000.00	85,120.00	-	42,000.00
Lansang, Brenda		6,050.00	5,400.00	-	650.00
Lapastora, Milagros	574.95	48,371.75	42,281.70	-	6,665.00
Lauro, Jocelyn P.		68,199.00	58,400.00	-	9,799.00
Lazaro, Maria Teresita A.	14,274.00	72,518.94	66,033.45	-	20,759.49
Lee, Nestor	260.00	20,473.31	16,346.64	-	4,386.67
Leon, Emma Rose H.		61,381.00	57,640.00	-	3,741.00
Leon, Jocelyn E.	7,881.75	6,707.00	12,395.41	-	2,193.34
Leonin, Clarito	200.00			-	200.00
Lepon, Ma. Luisa M.	6,000.00	13,023.75	18,773.75	-	250.00
Letrero, Bernard		14,325.00	12,775.00	-	1,550.00
Liggayu, Michael	750.00	250.00	750.00	-	250.00
Lim, Royce Randall		200.00		-	200.00
Limon, Miguel Antonio P.	350.00	3,391.88	3,641.88	-	100.00
Lindo, Alicia C.	3,952.50	45,748.80	34,077.30	-	15,624.00
Lluz, Samarlita N.		7,378.75	6,189.38	-	1,189.37
Lopez, Anastacio L.	454.00	10,000.00	6,954.00	-	3,500.00
Lopez, Antonio C.	33,000.00	16,988.91	23,744.29	-	26,244.62
Lopez, Jomelyn G.		17,000.00	10,200.00	-	6,800.00
Lopez, Ricardo S.	1,251.50	37,279.80	22,639.50	-	15,891.80
Loyola, Voltaire		72.00		-	72.00
Lumacad, Fernando B.	380.00	32,939.00	65,858.00	-	(32,539.00)
Luyun, Teofilo P. Jr.		27,315.00	18,868.06	-	8,446.94
Mabborang, Mishi T.		200.00		-	200.00
Macapagal, Arnualdo B.	598.50	172,850.00	127,498.00	-	45,950.50
Macasaet, Grace Minerva		16,738.00	15,694.00	-	1,044.00
Maclang, Edwin V.		5,477.00	5,000.00	-	477.00
Madria, Emenvenciano		650.00		-	650.00
Madriaga, Joventina D.		6,138.00	1,188.00	-	4,950.00
Mahilum, Rosalinda S.		1,066.70	866.70	-	200.00
Maliwat, Herminia I.	3,277.00	117,436.63	8,568.32	-	112,145.31
Manalansan, Paolo F.		19,546.00	13,296.00	-	6,250.00
Manguerra, Laarni C.		32,000.00	31,000.00	-	1,000.00
Manuel, Cynthia DR.		14,750.00	11,416.66	-	3,333.34
Marcelo, Gerry A.		19,236.00	14,849.33	-	4,386.67
Marcial, Johnny O.		63,156.60	46,026.13	-	17,130.47
Marcial, Maridel S.	5,311.00	34,838.00	25,704.49	-	14,444.51
Maristela, Teresita	215.00			-	215.00
Mazo, Flaviano S.	6,731.77	24,000.00	20,950.00	-	9,781.77
Mazo, Reynaldo jr. S.		19,000.00	9,500.00	-	9,500.00
Medina, Buenaventura Jr.	1,050.00			-	1,050.00
Medina, Joy E.		11,151.00	10,551.00	-	600.00
Melano, Petronio A.		14,506.00	8,665.20	-	5,840.80
Mendoza, Cecilia H.		200.00		-	200.00
Mendoza, Ferdinand M.		20,080.00	18,813.34	-	1,266.66
Mendoza, Norberto M.		20,400.00	20,500.00	-	(100.00)
Menez, Karren G.	2,607.50	41,842.40	38,449.90	-	6,000.00
Mesina, Karen T.		56,844.00	60,844.00	-	(4,000.00)
Mitra, Melvin P.	1,290.00	875.00	1,612.65	-	552.35
Molina, Mark Oliver P.		9,830.00	3,250.00	-	6,580.00
Monfero, Rowena A.		12,847.25	6,847.25	-	6,000.00
Montano, Moses M.		5,441.67	4,500.00	-	941.67
Montinola, Aurelio R. III		274,838.73		-	274,838.73

Montinola, Gianna R.		387,795.94		-	387,795.94
Montinola, Lourdes R.		1,800,488.76		-	1,800,488.76
Morilla, Toriana A.		850.00		-	850.00
Mostajo, Esmeralda D.	10.00	28,404.50	16,414.50	-	12,000.00
Nagal, Glenn Z.		298,190.00	298,189.67	-	0.33
Nagtalon, Leo Angelo	640.00				640.00
Najjar, Mary Chastine T.		10,815.50	7,684.70	-	3,130.80
Nau, Elizabeth S.		5,384.75	5,478.50	-	(93.75)
Navarro, Lilibeth C.		200.00		-	200.00
Nebri, Jonathan A.		12,400.00	7,400.00	-	5,000.00
Nicdao, Lazaro B.		11,228.16	2,469.36	-	8,758.80
Nicer, Joselito C.	2,655.00	59,238.70	39,620.98	-	22,272.72
Nicolas, Crispinita		6,393.81	6,203.81	-	190.00
Nieto, Rowena H.	180.00	672.00	628.00	-	224.00
Nob, Rene M.		20,000.00	21,800.00	-	(1,800.00)
Noriega, Mariwilda	7,525.30	80,642.95	76,551.49	-	11,616.76
Noveno, Ruena O.		30,200.00	30,400.00	-	(200.00)
Nuestro, Sarah A.		666.70	516.70	-	150.00
Nulla, Mila R.	35,365.76	52,844.00	44,352.76	-	43,857.00
Oaferina, Gemmalyn A.		10,721.00	11,721.04	-	(1,000.04)
Ocampo, Dhean R.	11,783.34	5,000.00	16,833.40	(50.00)	(50.06)
Odon, Luke Mark	45.00		90.00	-	(45.00)
Oliver, Michael	30,000.00		14,310.24		15,689.76
Ondevilla, Miel Kristian		9,100.00	4,600.00	-	4,500.00
Orias, Ronito B.		4,000.00		-	4,000.00
Orolo, Teodora C.	1,276.50	57,500.00	47,592.50	-	11,184.00
Ortiz, Jose R.		59.38		-	59.38
Ortiz, Milixa Lourdes B.	170.00	16,900.00	17,129.38	-	(59.38)
Pacquing, Elizabeth P.	694.50	26,713.34	23,021.17	-	4,386.67
Padilla, Leo A.	348.50				348.50
Paguibitan, Rebecca V.		850.00	1,500.00	-	(650.00)
Paguio, Ernesto B.	290.00	51,972.00	51,590.00	-	672.00
Pahutan, Ludivinia M.		9,882.30	10,882.30	-	(1,000.00)
Pal, Salvacion A.	930.00	10,000.00	930.00	-	10,000.00
Palaje, Joseph M.	200.00	400.00	200.00	-	400.00
Palencia, Marjueve M.		14,391.00	15,391.00	-	(1,000.00)
Palenzuela, Delia S.	19,200.00	526.75	19,200.00	-	526.75
Palis, Fernando F.	770.05	7,500.00	6,020.05	-	2,250.00
Pangilinan, Genice R.	10,023.50	35,672.00	27,471.50	-	18,224.00
Pantas, Felix L. Jr.	4,063.00	13,350.00	11,920.99	-	5,492.01
Panzo, Salome V.		1,087.50	362.50	-	725.00
Paras, Renato		107,817.84		-	107,817.84
Pascua, Jennifer J.		5,300.00	650.00	-	4,650.00
Pascual, Danilo S.		10,825.00	1,650.00	-	9,175.00
Pataunia, Ma. Cecilia C.	200.00		1,783.50	-	(1,583.50)
Paulino, Oscar E.	200.00	92,005.25	22,725.44	-	69,479.81
Paz, Rosalinda Z.	2,979.34	34,871.50	24,690.84	-	13,160.00
Pening, Teodoro		12,786.50	2,131.08	-	10,655.42
Perez, Hector	7,820.00	41,700.00	47,353.34	-	2,166.66
Perez, Winnie E.	50.00	29.00	129.00	-	(50.00)
Pineda, Rodolfo G.	400.00	24,378.34	25,433.59	-	(655.25)
Pizaro, Arthur P.		9,000.00	4,500.00	-	4,500.00
Polido, Angelita E.		42,922.34	40,969.54	-	1,952.80
Ponsaran, Levy C.		12,250.00	10,750.00	-	1,500.00
Presas, Heinrich G.		10,650.00	13,150.00	-	(2,500.00)
Prudencio, Philip I.	5,000.00	32,445.75	36,927.88	-	517.87
Rada, Nedi P.		30,224.00	25,224.00	-	5,000.00
Ragasa, Samuel M.		45,050.05	37,040.08	-	8,009.97

Ramisan, Georgie R.,		216.70	316.70	-	(100.00)
Ramones, Marigrace M.	33,367.00	1,625.00	36,335.66	-	(1,343.66)
Ramos, Bernadette		39,000.00		-	39,000.00
Ramos, Henry C.		29,087.50	20,087.50	-	9,000.00
Ramos, Norberto M.	100.00	250.00	250.00	-	100.00
Rapirap, Raquel T.		107,140.00	48,003.33	-	59,136.67
Remiendo, Nora Liza A.	2,333.33	29,826.50	29,826.49	-	2,333.34
Resuello, Heidi	123.50	200.00	123.50	-	200.00
Reyes, Cecil G.		200.00		-	200.00
Reyes, Melodia S.		18,160.00	9,386.67	-	8,773.33
Reyes, Mercedes C.	4,050.75	35,646.30	22,660.45	-	17,036.60
Reyes, Richard R.	200.00	1,831.50	2,243.50	-	(212.00)
Reyes, Rosa M.		1,627.25	1,627.00	-	0.25
Rico, Edna S.A.		32,842.00	25,241.00	-	7,601.00
Rimano, Joy S.		7,831.50	5,341.50	-	2,490.00
Robinos, Josephine D.		1,492.00	1,037.50	-	454.50
Roque, Nelson Leo O.		64,147.02	49,147.02	-	15,000.00
Rosario, Enrico		450.00	150.00	-	300.00
Rosario, Warly Evelyn	4,400.25	19,134.75	13,246.04	-	10,288.96
Ruzol, Hipolito		850.00		-	850.00
Sabas, Angel Francisco	210.10	2,075.60	1,672.90	-	612.80
Salvador, Paulino	50.00			-	50.00
Sanchez, Leilani D.		575.00	558.30	-	16.70
San Pablo, Ma. Cecilia A.		4,077.00	4,479.25	-	(402.25)
Santos, Leonida	4,875.00	19,853.00	11,568.00	-	13,160.00
Sanvictores, Cielito S.		17,790.44	5,679.09	-	12,111.35
Saplala, Mariano F.		6,580.00	2,193.33	-	4,386.67
Sarabia, Julieta		78,277.16	56,109.75	-	22,167.41
Savella, Marilyn S.		975.00	600.00	-	375.00
Sayat, Carmelo D.		15,042.00	9,042.00	-	6,000.00
Sido, Ma. Victoria P.	1,200.00	7,107.50	1,717.50	-	6,590.00
Simo, Rickson Jay P.		200.00		-	200.00
Sinang, Rolando R.		24,040.00	22,040.00	-	2,000.00
Sison, Erlinda G.		13,935.70	8,070.93	-	5,864.77
Sison, Roger Amadeo	290.00	40,450.00	41,030.00	-	(290.00)
Sison, Waledrudes M.		1,862.40		-	1,862.40
Songco, Dionisio L.		4,487.25	2,243.63	-	2,243.62
Soreta, Loida R.		27,000.00	22,700.00	-	4,300.00
Soriano, Carol Bongar	1,046.00	200.00		200.00	1,246.00
Soriano, Myla Grace	200.00				200.00
Sta.Cruz, Cinderella A.		62,581.40	66,781.40	-	(4,200.00)
Sta. Maria, Amelia M.		5,750.00	750.00	-	5,000.00
Sta.Maria, Hipolito M.		42,000.00	29,400.00	-	12,600.00
Suba, Sally Chua		90,907.54	38,240.89	-	52,666.65
Tagle, Susan H.	3,837.55	207,325.21	180,962.74	-	30,200.02
Talampas, Ma. Cristina J.	3,434.25	60,000.00	35,616.05	-	27,818.20
Tamondong, Ivy	200.00			-	200.00
Tampol, Eduardo	220.00			-	220.00
Tan, Paulino		50,000.00		-	50,000.00
Tapalgo, Elyn M.		6,770.00	6,180.00	-	590.00
Tapit, Neila E.		51,140.00	45,060.00	-	6,080.00
Taragua, Alma Trinidad R.	300.00	116,314.86	112,414.86	-	4,200.00
Taruc, Pancho V.		1,673.32	1,489.98	-	183.34
Tecson, Wilfrido		50,000.00		-	50,000.00
Timogan, Raymundo P.	17,300.00	37,789.55	46,098.26	-	8,991.29
Tirazona, Renato L.	10,005.00	41,812.25	39,805.17	-	12,012.08
Tizon, Dolores J.		17,455.00	15,261.66	-	2,193.34
Togado, Illumar		13,252.05	11,252.05	-	2,000.00

Tolentino, Honey Chile		61,802.44	44,374.75	-	17,427.69
Torres, Maruja		414.00		-	414.00
Trinidad, Aristotle R.		400.00	200.00	-	200.00
Umpad, Mara		120,000.00	72,000.00	-	48,000.00
Urquico, Ma. Luisa	666.00				666.00
Valderrama, Ruth D.		22,811.75	21,400.88	-	1,410.87
Valeza, Ariel R.		19,100.00	14,100.00	-	5,000.00
Vallo, Mary Rose C.		24,763.75	24,938.75	-	(175.00)
Vasquez, Vilma S.		15,374.00	12,224.00	-	3,150.00
Velasco, Maria Luisa R.		200.00		-	200.00
Velasquez, Damian D.		41,000.00	45,100.00	-	(4,100.00)
Velasquez, Ma. Charisma B.		30,999.80	29,999.80	-	1,000.00
Velasquez, Willyn V.		5,253.50	1,253.50	-	4,000.00
Vera, Alpher	10,200.00	35,523.60	35,723.60	-	10,000.00
Vera, Brenda		10,100.00	100.00	-	10,000.00
Vera, Michael R.		21,785.89	16,785.89	-	5,000.00
Vergara, Febes		200.00		-	200.00
Vicera, Reynante P.		20,000.00	21,300.00	(1,300.00)	(1,300.00)
Victortia, Michael S.	5,958.67	20,455.50	17,640.84	8,773.33	8,773.33
Victoria, Wendelliza M.		6,426.80	24.00	6,402.80	6,402.80
Villanueva, Ruth		650.00		-	650.00
Villapando, Marimel A.		350.00	400.00	-	(50.00)
Villaroya, Robinson L.		20,000.00	24,000.00	-	(4,000.00)
Vinluan, Lourdes R.	2,371.90	9,790.75	10,209.31	-	1,953.34
Vinluan, Renato A.	5,225.00	350.00	700.00	-	4,875.00
Yap, Donato C.	200.00			-	200.00
Yatco, Maria Carmen		47,700.00	27,908.31	-	19,791.69
Ymas, Sergio S. Jr.		8,367.41	8,567.41	-	(200.00)
Ysla, Mark Salvador		5,000.00		-	5,000.00
Zaldivar, Felicia P.		63,460.45	59,338.11	-	4,122.34
Zape, Vida Edna C.	6,676.00	52,449.25	39,707.55	-	19,417.70
	876,663.71	13,165,792.66	7,413,855.71	70,086.85	6,628,600.66
					-
					-
Alvarez, Alfredo		4,000.00	2,000.00	-	2,000.00
Ampatin, Estrella V.	162,319.00	70,692.44	205,791.44	-	27,220.00
Cabasada, Albert R.	22,038.00	107,700.00	121,623.64	-	8,114.36
Faustino, Jose V.	14,360.00	224,701.73	185,820.00	-	53,241.73
Mendoza, Malaya		7,650.00		-	7,650.00
Molina, Mark Oliver P.	37,000.00	600,069.28	787,376.89	-	(150,307.61)
Quines, Dante P.		300.00		-	300.00
Rapirap, Raquel T.		66,380.00	69,352.00	-	(2,972.00)
Rosal, Josefina T.		3,000.00	2,000.00	-	1,000.00
Santos, Florentino I.	144,840.00	55,865.25	196,310.34	-	4,394.91
Sinang, Rolando	2,000.00	2,000.00	3,000.00	-	1,000.00
	382,557.00	1,142,358.70	1,573,274.31	-	(48,358.61)
					-
					-
TOTAL - 1131012	1,259,220.71	14,308,151.36	8,987,130.02	70,086.85	6,580,242.05

**FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
SCHEDULE C - NONCURRENT MARKETABLE EQUITY SECURITIES,
OTHER LONG-TERM INVESTMENTS IN STOCKS AND OTHER INVESTMENTS
FOR THE YEAR ENDED MARCH 31, 2009**

ANNEX C.1.3

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	7,878,121	-	-			43,659	7,878,121	49.00%	
	P	7,878,121	P	-	P	-	P	7,878,121		-

**FAR EASTERN UNIVERSITY
SCHEDULE E - NON-CURRENT ASSETS
FOR THE YEAR ENDED MARCH 31, 2009**

Description	Beginning Balance	Additions at Cost	Deductions		Other Changes- Additions (Deductions)	Ending Balance
			Charged to Costs and Expenses	Charged to Other Accounts		
Goodwill		12,352,684				12,352,684
Surety Bond	2,833,600					2,833,600
Marketable Securities	2,530,373					2,530,373
Club membership shares		1,000,000				1,000,000
Cash bond		134,833				134,835
Long-term refundable deposit	100,000					100,000
Other long-term investment		7,200,000				7,200,000
	P 2,630,373	P 7,200,000	P -	P -	P -	P 26,151,492

**FAR EASTERN UNIVERSITY
SCHEDULE I - CAPITAL STOCK
FOR THE YEAR ENDED MARCH 31, 2009**

<i>Title of Issue</i> ²	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related balance sheet caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i> ³	<i>Directors, officers and employees</i>	
<i>Issuance during the year</i>	10,000,000	7,006,368			Board of trustees	598,697
		2,802,080			Officers	39,319
		9,808,448			Employees/Faculty	16,159

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.

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 16, 2009

SIGNATURE AND TITLE : 
ANGELINA P. JOSE
Corporate Secretary