SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) 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

Philippines

4. SEC Identification Number

PW538

5. BIR Tax Identification Code

000-225-442

6. Address of principal office

Nicanor Reyes Street, Sampaloc, Manila
Postal Code
1015

7. Registrant's telephone number, including area code

(632) 735-8686

8. Date, time and place of the meeting of security holders

October 21, 2017, 3:00 P.M., Multi-purpose Room, 4th Floor Administration Building, FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Sep 29, 2017

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

-

Address and Telephone No.

-

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	16,477,023

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

☑ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Inc.

Far Eastern University, Incorporated
FEU

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Oct 21, 2017
Type (Annual or Special)	Annual
Time	3:00 P.M.
Venue	Multi-purpose Room, 4th Floor Administration Building, FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila
Record Date	Oct 2, 2017

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Oct 2, 2017
End date	Oct 21, 2017

Other Relevant Information
-

Filed on behalf by:

Name	Santiago Jr. Garcia
Designation	Corporate Secretary/Compliance Officer

FAR EASTERN UNIVERSITY

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that, pursuant to Sections VII and VIII of the By-Laws of Far Eastern University, Inc. (FEU), as amended, the Annual Meeting of Stockholders shall be held on Saturday, 21 October 2017 at 3:00 p.m., at the Multi-purpose Room, 4th Floor Administration Building, FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila, to consider the following:

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

AGENDA

1. Call of meeting to order
2. Proof of notice of meeting and determination of quorum
3. Approval of minutes of the annual meeting of stockholders held on 27 August 2016
4. Academic report of the President
5. Approval of Annual Report and Audited Financial Statements
6. Ratification and confirmation of all actions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers
7. Election of Trustees, including Independent Trustees
8. Appointment of External Auditor
9. Consideration of such other business as may properly come before the meeting
10. Adjournment

Please see attached brief description of agenda items (Annex A).

For the purpose of this meeting, the Board of Trustees has fixed 02 October 2017 as the record date for the stockholders entitled to notice and to vote. The transfer book will be closed from 02 October 2017 to 21 October 2017, inclusive, in accordance with Section XXXI of the Amended By-Laws.

Sampaloc, Manila, 22 September 2017.

SANTIAGO L. GARCIA, JR.
Corporate Secretary

We are not soliciting your proxy. However, if you cannot personally attend the meeting and you wish to be represented thereat, you may designate your authorized representative by submitting a proxy instrument (Annex B) to the Office of the Corporate Secretary-FEU Main Campus, 2/F Administration Building, Nicanor Reyes Street, Sampaloc, Manila-on or before 5:00 p.m. of 19 October 2017 for inspection and record. Validation of proxies shall be held at the same office on 20 October 2017 at 10:00 a.m.

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

1. Check the Appropriate Box:

   [ ] Preliminary Information Statement

   [x] 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 : **1015**

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

8. Date, time and place of meeting of security holders : **21 October 2017**
   3:00 p.m.
   Multi-purpose Room
   4th 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: **29 September 2017**

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

    Title of Each Class : **Common**

    Authorized Capital Stock : **₱2,000,000,000.00**

    Shares outstanding : **16,477,023**

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

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

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

a. Date:	21 October 2017
Time:	3:00 P.M.
Place:	Multi-purpose Room 4th Floor, Administration Building Far Eastern University Nicanor Reyes Street Sampaloc, Manila
Registrant's Mailing Address:	Far Eastern University Nicanor Reyes Street Sampaloc, Manila 1015

b. The approximate date when the Information Statement and the form of Proxy shall first be sent or given to security holders is on 29 September 2017.

Item 2: Dissenter's Right of Appraisal

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4: Voting Securities and Principal Holders Thereof

a. Class of Voting Securities:

Number of Shares Outstanding as of August 31, 2017	16,297,557 common shares (Local) 179,466 common shares (Foreign) 16,477,023 common shares (Total) Net of 37,331 Treasury Shares
Number of Votes Entitled:	one (1) vote per share

b. Record Date: All stockholders of record as of 02 October 2017 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 31 August 2017)

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	Number of Shares	Percent of Holdings
Common	Desrey, Incorporated[1] 10th Fl., Pacific Star Bldg. Cor. Makati & Gil Puyat Ave. Makati City Stockholder	Desrey, Inc.	Domestic corporation	1,318,464	8.00
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	4,717,162	28.63
Common	Sysmart Corporation[3] 10th Fl., L.V. Locsin Bldg. 6752 Ayala Cor. Makati Ave. Makati City Stockholder	Sysmart Corporation	Domestic corporation	3,546,138	21.52

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

[2] Ibid.

[3] Mr. Henry Sy, Sr. as Chair of the Board will vote for the shares of the Corporation.

e. Security Ownership of Trustees and Management (as of 31 August 2017)

Title of Class	Name of Beneficial Owner/Position	Citizenship	Shares Owned	Nature of Beneficial Ownership	Percent of Class
Common	Lourdes R. Montinola Chair Emeritus, Board of Trustees	Filipino	7,962	D	0.04832
Common	Aurelio R. Montinola III Chairman, Board of Trustees	Filipino	313,812 800	D I	1.90454 0.00485
Common	Michael M. Alba Trustee/President	Filipino	1	I	0.00001
Common	Angelina Palanca Jose Trustee	Filipino	531,873 1,050	D I	3.22797 0.00637
Common	Paulino Y. Tan Trustee	Filipino	1	I	0.00001
Common	Antonio R. Montinola Trustee	Filipino	72,412	D	0.43947
Common	Sherisa P. Nuesa Independent Trustee	Filipino	1,521 180	D I	0.00923 0.00109
Common	Edilberto C. de Jesus Independent Trustee	Filipino	227	D	0.00138
Common	Robert F. Kuan Independent Trustee	Filipino	1	I	0.00001
Common	Juan Miguel R. Montinola Chief Finance Officer	Filipino	75,144 1,900	D I	0.45605 0.01153
Common	Rosanna E. Salcedo Treasurer	Filipino	1	D	0.00001
Common	Glenn Z. Nagal Comptroller	Filipino	678	D	0.00411
Common	Gianna R. Montinola Vice President for Corporate Affairs	Filipino	72,626	D	0.44077

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

Total Shares - 1,080,189
Percentage - 6.555729%

f. Voting Trust Holders

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

g. Changes in Control

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

Item 5: Trustees and Executive Officers

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

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

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

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

The following have been nominated members to the Board of Trustees for fiscal year 2017 – 2018:

Name	Ages	Citizenship	Position
Lourdes R. Montinola	89	Filipino	Chair Emeritus , Board of Trustees
Aurelio R. Montinola III	66	Filipino	Chairman, Board of Trustees
Michael M. Alba	60	Filipino	President
Angelina P. Jose	64	Filipino	Trustee
Paulino Y. Tan	71	Filipino	Trustee
Antonio R. Montinola	64	Filipino	Trustee
Sherisa P. Nuesa	62	Filipino	Independent Trustee
Robert F. Kuan	68	Filipino	Independent Trustee
Edilberto C. de Jesus	74	Filipino	Independent Trustee

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

Please see the latest certifications of the Independent Trustees (Annex C pages 1-3).

Brief Background of Trustees and Executive Officers:

1. **Lourdes R. Montinola, 89, Filipino: Chair Emeritus (August 2013 to present), Chair (June 1989 to August 2013), Far Eastern University, Inc.**

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

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

2. **Aurelio Montinola III, 66, Filipino: Chairman of the Board of Trustees (August 2013 to present), Vice Chairman (June 1989 to August 2013), Far Eastern University, Inc.**

   Other Corporate Affiliations: Chairman, Amon Trading Inc., BPI-Philam Life Assurance Corporation, East Asia Computer Center, Inc., East Asia Educational Foundation, Inc., Nicanor Reyes Educational Foundation, Inc., World Wildlife Fund Philippines, FEU High School, Inc. and Roosevelt College, Inc.; Vice Chairman, Philippine Business for Education Foundation (PBED); Director, BPI/MS Insurance Corporation; Trustee, Makati Business Club; Member, Management Association of the Philippines and Independent Director, Xeleb Technologies, Inc.

   He is also a Director of the Bank of the Philippine Islands, and Independent Director of Roxas and Company Incorporated, both listed corporations.

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

3. **Michael M. Alba, 60, Filipino: President and Member of the Board of Trustees, Far Eastern University, Inc. (October 2012 to present)**

   He is President concurrently of East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Nicanor Reyes Educational Foundation, Inc., Far Eastern College Silang, Inc., FEU Alabang, Inc., FEU High School, Inc. and Roosevelt College, Inc.; and Governor, Nicanor Reyes Memorial Foundation. His affiliations include, among others: FEU Public Policy Center (Chairman), Philippine Association of Colleges and Universities (Board Member, Chair, Research Committee), Philippine Economic Society (Lifetime Member and President in 2007), Action for Economic Reforms (Fellow), Philippine Human Development Network (Member), Presidents' Forum of Southeast and South Asia and Taiwan Universities (Member, Steering Committee), Association of Southeast Asian Institutions of Higher Learning - National Council of the Philippines (Board Member), Management Association of the Philippines (Member), and Foundation for Information Technology Education and Development (President).

He obtained his AB (Economics) degree from the Ateneo de Manila University in 1978, MA (Economics) degree from the School of Economics, University of the Philippines (Diliman), in 1987, and PhD (Applied Economics) degree from Stanford University in 1993.

4. Angelina Palanca Jose, 64, Filipino: Trustee (June 1990 to present) and Special Projects (February 2017 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Member, Board of Directors, FERN Realty Corporation; Trustee, Nicanor Reyes Educational Foundation, Inc.; Treasurer and Trustee, FEU Educational Foundation, Inc.; Corporate Secretary and Governor, Nicanor Reyes Memorial Foundation; Member, Executive Committee, Far Eastern University, Inc.; Corporate Secretary and Director, Far Eastern College Silang, Inc.; Director, FEU Alabang, Inc.; Chair and President, Angel C. Palanca Peace Program Foundation, Inc.; and Chair, Board of Trustees, (April 2014 – April 2015 and April 2017 to present) and Enrolled Member (2013 – 2016) Ahon Sa Hirap, Inc.

She was also the Corporate Secretary of Far Eastern University from February 1998 to January 2017.

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

5. Paulino Y. Tan, 71, Filipino: Trustee, Far Eastern University, Inc. (June 1991 to present)

Other Corporate Affiliations: Chairman of FEU Alabang, Inc. President of Asia Pacific College. At present, Member of the Board of Directors/Trustees of the following companies: Nicanor Reyes Educational Foundation, Inc., FEU Educational Foundation, Inc., East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Lyceum of Batangas, Lyceum of Laguna, SM (Shoemart) Foundation, Inc., Asia Pacific Technology Educational Foundation, FERN Realty Corporation, Far Eastern College Silang, Inc., FEU High School, Inc., Roosevelt College, Inc. and Foundation for Information Technology Education and Development , Inc.

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

Please see CHED certification (Annex D).

6. Antonio R. Montinola, 64, Filipino: Trustee, Far Eastern University, Inc. (November 2013 to present)

Other Corporate Affiliations: Chairman, President and Director – Round Royal, Inc.; President and Director FERN Realty Corporation, Monti-Rey, Inc. and Juliana Management Co., Inc.; Vice Chairman, Treasurer and Director, AMON Trading Corp., Director, Southwestern Cement Ventures, Inc., Far Eastern College Silang, Inc., and Nicanor Reyes Education Foundation, Inc.; and Trustee, FEU Educational Foundation, Inc.

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

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

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

7. Sherisa P. Nuesa, 63, Filipino: Independent Trustee, Far Eastern University, Inc. (August 2010 to present)

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

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

She graduated with the degree of Bachelor of Science in Commerce (*summa cum laude*) at Far Eastern University in 1974 and received her Master in Business Administration degree from the Ateneo - Regis Graduate School of Business in 2010. She also attended post-graduate management programs at Harvard Business School and Stanford University. She received the ING -FINEX CFO of the Year award in 2008.

8. Robert F. Kuan, 68, Filipino: Independent Trustee, Far Eastern University, Inc. (September 2004 to present)

Other Corporate Affiliations: Trustee, St. Luke's Medical Center, Quezon City (Chairman, 1996-2011), St. Luke's Medical Center, Global City, Inc. (Chairman, 2009-2011), St. Luke's College of Medicine–William H. Quasha Memorial, Brent International School of Manila and Brent International School Subic, Inc., and AIM Scientific Research Foundation, Inc.; Chairman, Brent International School Baguio, Inc., Brent Schools, Inc., Willis Towers Watson Insurance Brokers Philippines, Inc. and St. Theodore of Tarsus Hospital in Sagada, Inc.; Independent Director, China Bank Savings, Inc., Planter's Development Bank, SEAOIL Philippines, Inc., CBC Investment Corporation, Inc. and China Bank Securities Corporation; Independent Trustee, Roosevelt College, Inc.

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

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

9. Edilberto C. de Jesus, 74, Filipino: Independent Trustee, Far Eastern University, Inc. (August 2012 to present)

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

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

Please see Philippine Reclamation Authority certification (Annex E).

10. Maria Teresa Trinidad P. Tinio, 51, Filipino: Senior Vice President for Academic Affairs, Far Eastern University, Inc. (June 2011 to present)

PhD Southeast Asian Literature, National University of Singapore; Master of English, major in Literature and Cultural Studies, Ateneo de Manila University with academic units from the New School for Social Research, New York City; AB Humanities, Ateneo de Manila University.

Research focus in Philippine Literature, Sociolinguistics, and the Politics of Language in Southeast Asia. Publications include contributions to the *CCP Encyclopaedia of the Arts*, the *Loyola Schools Review*, *Philippine Studies*, and *The Politics of English in Asia: Language Policy and Cultural Expression in South and Southeast Asia and the Asia Pacific* published by John Benjamins (The Netherlands). Currently involved in a research project with the National Historical Commission of the Philippines and the Consejo Superior de Investgaciones Cientificas in Madrid on 19th Century modernization in the Philippines.

11. Juan Miguel R. Montinola, 56, Filipino: Chief Finance Officer, Far Eastern University, Inc. (September 2010 to present)

Other Corporate Affiliations: Chair, FEU Health, Welfare and Retirement Fund Plan and Foundation for Information Technology Education and Development, Inc.; Board Member of FERN Realty Corporation, East Asia Computer Center, Inc., Far Eastern College Silang, Inc., East Asia Educational Foundation, Inc., FEU Educational Foundation, Inc., Nicanor Reyes Memorial Foundation, Nicanor Reyes Educational Foundation, Inc., FEU Alabang, Inc, FEU High School, Inc., AMON Trading Corporation, Urban Program for Livelihood Finance and Training, Petnet and Roosevelt College, Inc. He is also a Member of the Executive Committees of Far Eastern University, Inc. and Far Eastern College Silang, Inc.

Mr. Montinola was Chief Executive Officer and Country Manager of Lafarge Cementi SA, Italy, from 2006 to 2008, and President and CEO of Republic Cement Corporation from 1996 to 2006. During this period he served concurrently as Senior Vice President for Commercial Business from 2002 to 2006, and SVP for Procurement from 2001 to 2002, of Lafarge Cement Services, Inc.

Prior to 1996, Mr. Montinola held various positions in Republic Cement Corporation and served as a member of the Board of Directors in different organizations.

Mr. Montinola has an MBA from International Institute of Management Development, Switzerland, and an AB Economics degree from College of William & Mary, Virginia, USA.

12. Myrna P. Quinto, 55, Filipino: Vice President for Academic Development, Far Eastern University, Inc. (April 2014 to present)

Other Corporate Affiliations: She is a member of the Biology Teachers Association (BIOTA), Philippine Society of Microbiology (PSM), and the Association of Systematic Biologists of the Philippines (ASBP).

Among her relevant trainings abroad are the *Educational Leadership Training* in NTU, Singapore, the *ASEAN University Network (AUN) Quality Assurance Training* in Thailand, and the month-long *CHED Training Program on the Internationalization of Philippine Higher Education* held in Canada, in partnership with the Canadian Bureau of International Education.

Dr. Myrna P. Quinto is a B.S. Biology graduate from the College of the Holy Spirit. She finished her Master of Arts in Education major in Biology at the University of the Philippines and her Doctor of Philosophy in Science Education major in Biology at De La Salle University, Manila, Philippines.

13. Gianna R. Montinola, 59, Filipino: Vice President for Corporate Affairs, Far Eastern University, Inc. (November 2013 to present)

Other Corporate Affiliations: Concurrently Director and Corporate Secretary of FERN Realty Corporation and Amon Trading Corporation; Trustee, East Asia Educational Foundation, Inc.; Director of Far Eastern College Silang, Inc., East Asia Computer Center, Inc. and Robinsons True Serve Hardware Phils, Inc. Trustee and Secretary, Foundation for Information Technology Education and Development, Inc. Co-founder of non-profit organizations Hands On Manila Foundation, Inc. and Peace Tech, Inc. Associate lawyer of the Quisumbing Torres Law Office (an affiliate of the Baker & McKenzie Law Office, U.S.A.) from 1986 to 1992. Team member of Philippine Honorary Consul to the Republic of Peru from 1992 to 1996, Marketing and Business Development departments of Rockwell Land Corporation from 1996 to 1998.

She earned a Bachelor of Arts degree in International Relations from Mount Holyoke College, U.S.A. and a Bachelor of Laws (Ll.B.) degree, with honors, from the Ateneo de Manila College of Law. She obtained a Masters degree in Public Administration from the John F. Kennedy School of Government at Harvard University, U.S.A.

14. Renato L. Serapio, 59, Filipino: Vice President for Human Resource Development, Far Eastern University, Inc. (October 2015 to present)

Other Corporate Affiliations: Accredited Fellow in People Management by the Society of Fellows in People Management of the People Management Association of the Philippines, and a Certified Executive Coach from AIMS International.

Past affiliations: Board Member of the Society of Fellows in People Management, 2012 to 2014; President, Puso ng Siemens Foundation, 2001 to 2008; Vice President, Philippine Society of Fellows in Personnel Management, 2004 to 2006; Director, Philippine Society for Training and Development, April - December 2001; Chairperson – Regional HR Council, Siemens Asia Pacific, 2001 - 2002; Chairman, Research Committee, Personnel Management Association of the Philippines, January- December 1994.

Mr. Serapio received his Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering from De La Salle University in 1978 and completed the Advance Management Development, Siemens Management Learning/The Fuqua School of Business - Duke University, North Carolina August 2000 to May 2001. He also received his Certificate of Professional Designation in Systems Analysis from the UCLA Extension School, University of California Los Angeles in 1987.

15. Santiago L. Garcia, Jr. , 61, Filipino: Corporate Secretary and Vice President for Compliance, Far Eastern University, Inc. (February 2017 to present)

Other Corporate Affiliations: Corporate Secretary of East Asia Computer Center, Inc. (doing business under the trade name FEU Institute of Technology), East Asia Educational Foundation, Inc., FEU Alabang, Inc., FEU High School, Inc., Nicanor Reyes Educational Foundation, Inc. (also known as FEU-FERN College/FEU Diliman), and UP Law 80 Foundation, Inc. He is also a member of the Board of Trustees of UP Law 80 Foundation, Inc.

He graduated with an AB Political Science degree at San Beda College (Mendiola, Manila) in 1976, and received his Bachelor of Laws degree from the College of Law of the University of the Philippines (Diliman, Quezon City) in 1980. He passed the Bar Examinations given by the Supreme Court of the Philippines in November 1980.

16. Francisco E. Lecaroz, Jr., 53, Filipino: Chief Information Officer, Far Eastern University, Inc. (June 2017 to present)

Prior to joining FEU, he was the General Manager of SMITS and President of Prosync, the IT shared services and BPO companies of San Miguel Corporation respectively for four years.

He also worked for IBM Philippines, Inc for 24 years performing various sales and delivery roles - Country Manager, Telco, Delivery Project Executive - Asia Pacific, Country Manager, Integrated Technology Services and Program Manager, Systems Integration Group.

Mr. Lecaroz is a Certified Project Manager (PMI). He obtained his BA Major in Computer and Information Science from the University of California, Santa Cruz (USA).

17. Rosanna Esguerra-Salcedo, 52, Filipino: Treasurer, Far Eastern University, Inc. (September 2014 to present)

Other Corporate Affiliations: Director and Treasurer of FEU Alabang, Inc., Vice President for Finance of Roosevelt College, Inc. and a Member of the Credit Management Association of the Philippines.

Before joining FEU, she worked at the Bayan Telecommunications, Inc., where she managed numerous departments: initially as Head of General Accounting and Accounts Payable, then, Budget Department and Revenue Accounting, and as Head of Billing and Collection. She also served as the Head of Treasury and Internal Audit of Mariwasa Manufacturing, Inc. for five years.

Prior to joining the private sector, she worked for SGV & Co. both as an External Senior Auditor and Tax Senior Auditor.

Ms. Salcedo is a Certified Public Accountant. She obtained her BSBA Major in Accounting, *cum laude*, from the University of the East. She also completed her Management Leadership Program at the Asian Institute of Management.

18. Glenn Z. Nagal, 59, Filipino: Comptroller, Far Eastern University, Inc. (1996 to present)

Other Corporate Affiliation: Director and Treasurer, FEU High School, Inc.

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; and Compliance Officer (September 2011 to September 2015), 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.

19. Rogelio C. Ormilon, Jr., 51, Filipino: Chief Audit Executive and Risk Management Officer (September 2015 to present), Far Eastern University, Inc.

Work experience: Audit Director at R.G. Manabat & Co./KPMG Philippines; Audit Senior Manager at Isla Lipana & Co./PwC Philippines; Audit Senior Manager at Ernst & Young Ltd. Auckland, New Zealand; and Compliance Officer, Far Eastern University (September 2015 to January 2017).

He graduated with the degree of B.S. Business Administration, Major in Accounting from Philippine School of Business Administration, Quezon City Campus in 1987 and obtained his Master in Management at the Asian Institute of Management in 2004. He is also a Certified Public Accountant.

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, Mr. Aurelio R. Montinola III is the son of Dr. Lourdes R. Montinola, Chair Emeritus and Member of the Board of Trustees. He is also the sibling of Mr. Antonio R. Montinola, Member of the Board of Trustees, Atty. Gianna R. Montinola, Vice President for Corporate Affairs, and Mr. Juan Miguel R. Montinola, Chief Finance Officer.

d. Legal Proceedings

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

External Cases

Pending Court Cases as of 1 April 2016

1. Ma. Corazon Abella vs. FEU, CA GR Case No. 142320
   Status: Pending resolution with the Court of Appeals- Illegal Suspension case filed by a faculty member with the NLRC
2. Jacqueline Alota, vs. FEU, Court of Appeals CA G.R SP No.147255
   Status: Dismissed by the Court of Appeals - Illegal dismissal filed by a faculty member terminated for serious misconduct with the NLRC
3. Century Iron Work, Inc. vs. FEU, Supreme Court G.R. No. 217329
   Status: Pending resolution with the Supreme Court - Collection case filed against FEU's contractor by a sub-contractor with the RTC Makati City
4. FEU-ELU vs. FEU, AC-826-RCNB-NCR-LVA-008-01-03-2016
   Status: Pending resolution with the Court of Appeals - Illegal suspension case filed by a rank-and-file employee through the employee's union with the DOLE-NCMB
5. FEU-ELU vs. FEU, AC-022 RCNB-NCR-LVA-022-04-08-2016
   Status: Pending resolution with the NCMB - Interpretation of CBA provision regarding employee dependents filed with the DOLE-NCMB
6. FEU-ELU vs. FEU, AC-025 RCNB-NCR-LVA-025-06-11-2016
   Status: Pending resolution with the DOLE-NCMB - Interpretation of CBA provisions regarding Special Bonus filed with the DOLE-NCMB

7. Amparo Sulam vs. FEU, NLRC Case No. 08-1079-16
Status: Closed and terminated as of 27 June 2017 - Illegal dismissal case filed by a faculty member with the NLRC
8. Maricel Trinidad vs. FEU, NLRC Case No. 05-06747-17
Status: Pending resolution with the Labor Arbiter- Illegal dismissal case filed by a redundated faculty member with the NLRC

Involvement of Directors and Officers in Certain Legal Proceedings

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

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

d. Related Party Transactions

The Group’s related parties include related parties under common management, key management personnel and others as described in Note 2.20 of the consolidated financial statements. The following are the Group’s transactions with such related parties:

	May 31, 2017		May 31, 2016		March 31, 2016			
	Amount of Transaction (One Year)	**Outstanding Receivable (Payable)**	Amount of Transaction (Two Months)	Outstanding Receivable (Payable)	Amount of Transaction (One Year)	Outstanding Receivable (Payable)	Terms	Conditions
Related Parties Under Common Management:								
Subscription of preferred stocks	**P 416,500,000**	**P -**	P -	P -	P -	P -	nonredeemable; non-controlling	not applicable
Advances to related parties	**31,031,358**	**37,650,669**	(3,012,589)	32,375,310	(38,800,433)	35,387,899	due and demandable; noninterest-bearing	unsecured; not impaired
Advances from related party	**1,480,974**	**(4,324,760)**	(43,633)	(2,843,786)	(24,047,509)	(2,887,419)	due and demandable; noninterest-bearing	unsecured; not impaired
Management fees	**-**	**-**	-	7,996,500	20,449,880	8,558,763	payable within 30 days; noninterest-bearing	unsecured; not impaired
Rental income	**21,817,203**	**10,302,738**	6,668,707	21,117,891	96,713,538	31,553,719	payable within 30 days; noninterest-bearing	unsecured; not impaired
Rental deposits	**-**	**-**	3,783,819	(4,008,683)	73,872	(7,792,502)	not applicable	not applicable
Others	**10,000**	**(1,457,250)**	-	(1,467,250)	133,750	(1,467,250)	due and demandable; noninterest-bearing	unsecured; impaired
Retirement Funds								
Retirement plan assets	-	**632,111,250**	-	698,534,855	-	P 617,372,417	not applicable	not applicable
Reimbursement of fund	-	**995,779**	-	29,425,493	-	-	due and demandable; noninterest-bearing	unsecured; not-impaired
Others								
Key management personnel compensation	**341,021,838**	**-**	25,239,938	-	167,011,088	-	not applicable	not applicable
Advances from previous BOT of RCI	**(16,403,529)**	**(105,264)**	-	(19,023,017)	-	-	due and demandable; interest-bearing	unsecured; not impaired

Subscription of Preferred Shares of Stock

In 2015, EAEF, a related party under common management, entered into a subscription agreement for the purchase of 240,000 preferred shares of EACCI (see Note 25.4 of the consolidated financial statements). The total consideration paid by EAEF amounted to P240.0 million. There was no outstanding receivable arising from the transaction as the amount is fully paid by EAEF in the year of subscription.

During the year ended May 31, 2017, EAEF also entered into a subscription agreement for the purchase of 416,500 preferred shares of FEUAI (see Note 25.4 of the consolidated financial statements). The total consideration paid by EAEF amounted to P416.5 million. There was no outstanding receivable arising from the transaction as the amount is fully paid by EAEF in the year of subscription. No similar transaction occurred during the periods ended May 31, 2016 and March 31, 2016.

Noninterest-bearing Advances

(a) Advances of the University to Related Parties

The University grants unsecured and noninterest-bearing advances, which are due and demandable, to related parties under common management of the Group for working capital purposes.

Summarized below are the outstanding receivables from these advances as of May 31, 2017 and 2016 and March 31, 2016 recorded under Non-trade advances from related parties, which is shown as part of the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9 of the consolidated financial statements):

	Beginning Balance	Additional Advances	Repayments	Ending Balance
May 31, 2017				
EAEF	P 7,894,114	P 3,361,965	(P 2,061,074)	P 9,195,005
FEU Public Policy Foundation, Inc.	1,199,289	437,440	-	1,636,729
	P 9,093,403	**P 3,799,405**	**(P 2,061,074)**	**P 10,831,734**
May 31, 2016				
EAEF	P 6,941,664	P 2,073,341	(P 1,120,891)	P 7,894,114
FEU Public Policy Foundation, Inc.	1,199,289	-	-	1,199,289
	P 8,140,953	P 2,073,341	(P 1,120,891)	P 9,093,403
March 31, 2016				
EAEF	P 7,174,074	P 24,029,802	(P 24,262,212)	P 6,941,664
FEU Public Policy Foundation, Inc.	1,180,568	18,721	-	1,199,289
	P 8,354,642	P 24,048,523	(P 24,262,212)	P 8,140,953

As of May 31, 2017 and 2016 and March 31, 2016, management believes that these outstanding balances are collectible in full in all the years presented; thus, no allowance for impairment on these receivables are recognized.

(b) Advances between EACCI and EAEF

During the periods ended May 31, 2017 and 2016 (nil for the year ended March 31, 2016), EACCI granted to and obtained from EAEF cash advances for working capital requirements and other purposes. These advances are non-interest bearing, unsecured and payable in cash upon demand. As of May 31, 2017 and 2016, outstanding advances to EAEF amounting to P26.6 million and P20.7 million, respectively, are presented as part of Non-trade advances to related parties under the Trade and Other Receivables account, while the outstanding advances from EAEF amounting to P4.3 million and P2.8 million, respectively, are presented as Advances from related party under the Trade and Other Payables account in the consolidated statements of financial position (see Notes 9 and 17 of the consolidated financial statements). No impairment loss is recognized by the Group on these advances during the periods ended May 31, 2017 and 2016.

(c) Advances of RCI to its Related Party

RCI grants noninterest-bearing and unsecured advances to Roosevelt College Center for Teacher Education, a related party under common management, for working capital purposes. These advances are generally collectible in cash and are due upon demand or through offsetting arrangement. The outstanding balance from these transactions which amounted to P3.0 million and P2.7 million as of May 31, 2017 and 2016, respectively, are presented as part of Non-trade advances to related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9 of the consolidated financial statements).

Management Services

The University provided management services to EAEF and FERN College, which agreed to pay management fee computed at a certain percentage of the latter's gross revenue subject to certain conditions. Management fees earned amounted to P20.4 million for the year ended March 31, 2016 and is presented as Management Fees under Revenues in the consolidated statements of profit or loss. No similar income was earned for the periods ended May 31, 2017 and 2016 as EACCI already took over the operations of EAEF during the said periods.

Outstanding receivables arising from this transaction amounted to P8.0 million and P8.6 million as of May 31, 2016 and March 31, 2016, respectively, (nil as of May 31, 2017) and are presented as part of Management fee under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9 of the consolidated financial statements). No impairment loss is recognized by the University on these receivables.

Leases

(a) Lease of Buildings to EAEF

The University leases out certain buildings to EAEF for a period of one to five years until May 31, 2015. However, upon expiration of the term of the contract, the University and EAEF had mutually agreed not to renew such lease agreement. Instead, as of May 31, 2017 and 2016 and March 31, 2016, only certain floors of the buildings were leased out to EAEF. Starting July 2016, upon take-over of EACCI of the EAEF's operations, the lease of the buildings was transferred to the custody of EACCI.

Meanwhile, since the construction of the school building of EACCI was fully completed as of March 31, 2015, EAEF and EACCI entered into a contract to lease certain floors of EACCI's newly constructed school building (see Note 15 of the consolidated financial statements). The lease commenced on July 1, 2014 for a period of five years with 5% annual escalation. However, in May 2016, the lease agreement was pre-terminated. Accordingly, EACCI reversed the related accrued rent receivable arising from straight line recognition of lease amounting to P7.0 million and is recorded as part of General Expenses under Operating Expenses in the consolidated statement of profit or loss (see Note 20 of the consolidated financial statements).

Total rental income earned by the University and EACCI from EAEF, presented as part of Rental under Revenues in the consolidated statements of profit or loss, amounted to P2.8 million, P6.7 million and P79.8 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively. Outstanding receivable arising from the transaction amounts to P23.4 million, P17.0 million and P27.5 million as of May 31, 2017 and 2016 and March 31, 2016, respectively, and is presented as part of the Trade and Other Receivables account in the consolidated statement of financial position.

(b) Lease of Buildings to FERN College

FRC leases out certain buildings to FERN College effective from June 1, 2007 to May 31, 2017 for an annual rental of P14.0 million or 10% of gross annual revenue, whichever is higher. In January 2013, an amended lease agreement was executed by both parties which stated that the lease term shall now be from January 31, 2013 to December 31, 2023 for an annual rental fee of P12.0 million or 10% of FERN College's annual gross income, whichever is higher.

Total rental income of FRC from FERN College amounted to P18.0 million and P16.1 million for the years ended May 31, 2017 and March 31, 2016, which is recorded as part of Rental under Revenues in the consolidated statements of profit or loss. No similar income was earned during the two months ended May 31, 2016. Outstanding receivables from this transaction amount to P7.0 million as of May 31, 2017 and P4.1 million as of May 31, 2016 and March 31, 2016, are presented as part of Rental receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9 of the consolidated financial statements). No impairment loss is recognized by the Group on this receivable from FERN College.

(c) Lease of Transportation Vehicle to FERN College

In 2012, FRC entered into a contract with FERN College for the lease of a bus to the latter for a fixed monthly rental of P0.1 million covering a term of five years, from June 2012 to May 31, 2017.

The rental income earned from this transaction amounted to P1.5 million for the years ended May 31, 2017 and March 31, 2016 and is presented as part of Rental under Revenues in the consolidated statements of profit or loss. No similar income was earned during the two months ended May 31, 2016. The Group recognized unearned rental income in accordance with PAS 17 from FERN College amounting to P0.1 million as of May 31, 2017 and P0.9 million as of May 31, 2016 and March 31, 2016, and are presented as part of the Deferred Revenues account in the consolidated statements of financial position.

(d) Rental Deposits

Outstanding rental deposits arose from the lease of building by EACCI to EAEF, which amounted to P4.0 million and P7.8 million as of May 31, 2016 and March 31, 2016, respectively (nil as of May 31, 2017). These deposits are presented as part of Other Non-current Liabilities account in the consolidated statements of financial position.

Retirement Funds

The University's, FECSI's and EACCI's retirement funds are in the form of trustee-banks managed accounts. The fair value of the University's retirement plan assets amounted to P630.9 million, P697.7 million and P616.5 million as of May 31, 2017 and 2016 and March 31, 2016, respectively. The details of the retirement plans are presented in Note 22(d)(iii) of the consolidated financial statements. The University, FECSI and EACCI have no transactions with the retirement plans other than contributions and benefit payments in all periods presented.

During the periods ended May 31, 2017 and 2016, the University funded the retirement pay of certain employees who availed of the ERGP [see Note 22(a)(i) of the consolidated financial statements], which will be reimbursed by the Fund. The outstanding receivable from this transaction amounted to P1.0 million and P29.4 million as of May 31, 2017 and 2016, respectively and is recorded as part of Receivables from related parties under Receivables in the statement of financial position (see Note 9 of the consolidated financial statements). No similar transaction occurred for the year ended March 31, 2016.

None of the retirement plan assets are invested in or provided to the University or FECSI, their related parties, and to their officers in the form of advances or loans.

The retirement funds neither provide any guarantee nor surety for any obligation of the University and FECSI.

Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the periods ended May 31, 2017 and 2016 and March 31, 2016, which are presented as part of Salaries and allowances and Employees benefits under Instructional and academic and Administrative expenses (see Note 20 of the consolidated financial statements), are as follows:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Short-term benefits	**P 150,018,280**	P 21,511,998	P 147,028,692
Post-employment benefits	**21,581,308**	3,727,940	19,982,396
	P 171,599,588	P 25,239,938	P 156,331,506

Advances from RCI's BOT

RCI obtains unsecured, interest-bearing cash advances from the current members of its BOT, with an interest rate ranging from 8% to 12% per annum, for working capital purposes. These advances are generally collectible in cash and are due upon demand. The outstanding balance from these transactions is presented as part of the Trade and Other Payables account in the consolidated statements of financial position as of May 31, 2017 and 2016 (see Note 17 of the consolidated financial statements).

Others

Others include amounts due to non-controlling interest that pertain to the unclaimed payments arising from fractional shares that were treated as treasury stocks in 2007 and 2015 by FRC. Total amount of payable to non-controlling interest amounts to P1.2 million as of May 31, 2017 and P1.5 million as of May 31, 2016 and March 31, 2016 and is presented as part of Others under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17 of the consolidated financial statements).

Financial Guaranty for Subsidiaries' Loans

In March 2017, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a local commercial bank, the University gives its full consent and authority to act as surety for the subsidiary's obligations arising from any loan or availments from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. As of the report date, no subsidiary has availed of any loan drawdown from the University's credit facility with the local bank.

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 08 May 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 I

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Aurelio R. Montinola III Chair, Board of Trustees/CEO	- x -	- x -	- x -	- x -
Michael M. Alba Trustee/President	- x -	- x -	- x -	- x -
Juan Miguel R. Montinola Chief Finance Officer	- x -	- x -	- x -	- x -
Glenn Z. Nagal Comptroller/Compliance Officer[1]	- x -	- x -	- x -	- x -
Maria Teresa Trinidad P. Tinio Senior Vice President - Academic Affairs	- x -	- x -	- x -	- x -
TOTAL	2015-2016	₱21,496,399.68	₱7,398,638.64	- x -

[1] Up to September 2015

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
All Officers and Trustees as a Group	2015-2016	₱35,325,273.93	₱20,495,666.05	- x -

Summary Compensation Table II

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Aurelio R. Montinola III Chair, Board of Trustees/CEO	- x -	- x -	- x -	- x -
Michael M. Alba Trustee/President	- x -	- x -	- x -	- x -
Juan Miguel R. Montinola Chief Finance Officer	- x -	- x -	- x -	- x -
Glenn Z. Nagal Comptroller/Compliance Officer[1]	- x -	- x -	- x -	- x -
Maria Teresa Trinidad P. Tinio Senior Vice President - Academic Affairs	- x -	- x -	- x -	- x -
TOTAL	2016-2017	₱23,229,564.44	₱7,350,123.38	- x -
	2017-2018 (Estimated)	₱23,926,451.37	₱7,666,027.08	- x -

[1]Up to September 2015

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
All Officers and Trustees as a Group	2016-2017	₱38,931,575.95	₱21,392,487.78	- x -
	2017-2018 (Estimated)	44,884,372.45	22,823,154.14	- x -

Item 7: Independent Public Accountant

The external auditor, Punongbayan & Araullo, audited the Financial Statements of the corporation for fiscal year ending 31 May 2017. The same accounting firm is recommended for re-appointment at the annual stockholders' meeting for almost the same remunerations in the previous year.

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

Fees for services rendered:

External Auditor's Fee	2016 – 2017
Audit of annual financial Statements	₱985,000.00 plus 12% VAT
Out of pocket expenses	₱118,200.00 plus 12% VAT

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

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

The Audit Committee's approval of the policies and procedures covering the examination of FEU's financial statements for fiscal year ending May 31, 2017, including other services, is covered by the minutes of the meeting of the Audit Committee dated August 14, 2017.

The signing partners of the external auditor shall be rotated every 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.

Please see Audit Committee Report (Annex F).

Item 8: Compensation Plans

There are no matters or actions to be taken up in the meeting with respect to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9: Authorization or Issuance of Securities Other than for Exchange

There are no matters or actions to be taken up with respect to authorization or issuance of securities.

Item 10: Modification or Exchange of Securities

There are no matters or actions to be taken up for the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11: Financial and Other Information

The audited financial statements as of May 31, 2017, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as Annex G.

Item 12: Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the annual stockholders' meeting with respect to merger, consolidation, acquisition by sale, or liquidation of the Company.

Item 13: Acquisition or Disposition of Property

There are no matters or actions to be taken up in the annual stockholders' meeting with respect to acquisition or disposition of any property by the Company.

Item 14: Restatement of Accounts

No restatement of accounts to be taken up in the annual stockholders' meeting.

D. OTHER MATTERS

Item 15: Action with Respect to Reports

Approval of the Annual Report for the fiscal year ending 31 May 2017

a. Approval of the minutes of the Annual Stockholders' Meeting held on 27 August 2016 that includes the following:

1. Minutes of Annual Meeting held on 22 August 2015
2. Academic Report of the President, 2015 – 2016 and Annual Report of the Chair, 2015 – 2016
3. Approval, ratification and confirmation of the acts of the officers and trustees in the furtherance of the matters covered by the annual report for fiscal year 2015-2016;
4. Election of Trustees and Independent Trustees for the fiscal year 2016 – 2017:

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

5. Re-Appointment of Punongbayan and Araullo as External Auditor for the fiscal year 2016-2017;
6. Approval of the amendment to Article Second of the Amended Articles of Incorporation

   Resolutions approved by the Board of Trustees on 21 July 2016 special meeting were ratified and confirmed by the stockholders holding 13,734,318 representing 83.35% of the total issued and outstanding capital stock of the Corporation:

   RESOLVED, AS IT IS HEREBY RESOLVED, that the Board of Trustees of Far Eastern University, Inc. (the "Corporation"), approve, as it hereby approves, the amendment to Article Second of the Amended Articles of Incorporation, such that it will read as follows:

   Second. That the purpose or purposes for which said corporation is formed are:

   x xx

   <u>(c) to assume, guarantee, act as surety, endorse or otherwise become directly or contingently liable, whether as principal, surety, guarantor or co-debtor, for or in connection with any debt or other obligations of any subsidiary in which the Corporation owns at least seventy five percent (75%) of the outstanding voting capital stock of such subsidiary.</u>

   Authorization to file the amended Articles of Incorporation of the Corporation with the Securities and Exchange Commission and other government agencies and bodies, and to perform such further acts and deeds as may be necessary, convenient or appropriate to give force and effect to the above resolutions, with full authority to delegate such authority to such person or persons as the Board of Trustees may deem appropriate.

b. Summary of resolutions approved by the Board of Trustees for the fiscal year 2016 – 2017:

1. Board of Trustees' special meeting on 12 April 2016:

   Far Eastern University, Inc. entered into a Share Purchase Agreement for the initial purchase of 80% of the outstanding capital stock of Roosevelt College Inc., with the ability to buy additional shares of up to 99.42% of the outstanding capital stock of RCI.

2. Board of Trustees' meeting held on 19 April 2016:

   a. Authorization for the Corporation to open and maintain an escrow account with BDO Unibank, Inc. – Trust and Investments Group with office address at 15th Floor, South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City, Metro Manila Philippines (Trustee Bank) and to enter into an escrow agreement with the Trustee Bank and the relevant selling shareholders of Roosevelt College, Inc. ("Escrow Agreement");

      Authorization of the following officers of the Corporation to: (a) negotiate and come to an agreement on the terms and conditions of, and to sign, execute and deliver, the Escrow Agreement, (b) act and sign jointly as official signatories of the Corporation to operate the Account and issue instructions pertaining to the Account, and (c) to execute such other documents and papers, and to perform such other acts and deeds as they may deem necessary and desirable in order to implement the foregoing resolutions:

Michael M. Alba	-	President
Juan Miguel R. Montinola	-	Chief Finance Officer
Rosanna E. Salcedo	-	Treasurer

   b. BDO UNIBANK, INC. (The "Bank), offered the Corporation a financial credit accommodation of up to THREE BILLION PESOS, Philippine Currency (₱3,000,000,000.00);

      Acceptance of this offer for the purpose of financing the School's Capital expenditure requirements, strategic investments and general corporate funding requirements, under such terms and conditions which the bank may prescribe;

      Authorization to sign all papers and documents needed and necessary to carry into effect the aforesaid purpose or undertaking for the benefit and to the credit of FAR EASTERN UNIVERSITY:

Aurelio R. Montinola III	Chairman
Michael M. Alba	President
Angelina P. Jose	Corporate Secretary
Juan Miguel R. Montinola	Chief Finance Officer
Rosanna E. Salcedo	Treasurer

   c. Delegation to the Executive Committee of the Corporation, the authority to decide upon such actions and deeds as the Executive Committee may deem necessary and/or desirable in order to effect the closing of the sale and purchase transactions under the Share Purchase Agreement and the turn-over of the management and operations of RCI and its affiliate companies, including, without limitation, the authority to designate and nominate the members of the board of trustees of RCI and its affiliate companies, to cause the transfer of shares in RCI and its affiliate companies to such nominees, and to determine the persons authorized to act upon such resolutions of the Executive Committee.

3. Board of Trustees' meeting held on 12 May 2016:

   a. Approval of the resolutions on the completion of Roosevelt College, Inc. transaction:

      The designation of the following persons to serve on the Board of Trustees of RCI:

      Aurelio R. Montinola III
      Juan Miguel R. Montinola
      Michael M. Alba
      Paulino Y. Tan
      Robert F. Kuan, Independent
      Juan Miguel Luz, Independent
      Edilberto C. de Jesus, Independent

      The extension of advances to RCI and its affiliate companies, in such amounts, terms and conditions as may be determined by the Corporation's Executive Committee, provided that the aggregate amount of advances outstanding at any given time shall not exceed One Hundred Million Pesos (₱100,000,000.00).

   b. Approval of the Corporation's subscription to an additional 750,000 shares of stock of FEU Alabang, at the par value of One Hundred Pesos per share (₱100.00), or an aggregate subscription amount of Seventy Five Million Pesos (₱75,000,000.00). The Corporation's Executive Committee has been vested with the authority to determine the timing, manner, and terms of payment of the said amounts to FEU Alabang.

4. Board of Trustees' meeting held on 21 June 2016:

   a. Declaration of ₱12.00/share cash dividend on record as of 05 July 2016, payable on 19 July 2016.

   b. Approval of the following Committee Charters and Policy:

      - Nomination
      - Corporate Governance
      - Risk Management
      - Audit
      - Related Party Transaction Policy

5. Board of Trustees' meeting held on 19 July 2016:

   Approval of Compensation and Remuneration Committee Charter.

6. Board of Trustees' special meeting held on 21 July 2016:

   Approval of the amendment to Article Second of the Amended Articles of Incorporation as follows:

   > **Second**. That the purpose or purposes for which said corporation is formed are:
   >
   > x x x
   >
   > <u>(c) to assume, guarantee, act as surety, endorse or otherwise become directly or contingently liable, whether as principal, surety, guarantor or co-debtor, for or in connection with any debt or other obligations of any subsidiary in which the Corporation owns at least seventy five percent (75%) of the outstanding voting capital stock of such subsidiary.</u>

That the approval of the stockholders of the Corporation be obtained during the annual stockholders meeting for the authorization for the Board of Trustees of the Corporation to cause the application for the amendment to the Amended Articles of Incorporation to be filed with and approved by the Securities and Exchange Commission.

That the above matters be included in the agenda of the annual stockholders' meeting on 27 August 2016 to be circulated to the stockholders.

7. Board of Trustees' meeting held on 16 August 2016:

Approval of the resolutions re BPI financial credit accommodation of up to Three Billion Pesos:

THE BANK OF THE PHILIPPINE ISLANDS (The "Bank), offered the Corporation a financial credit accommodation of up to THREE BILLION PESOS, Philippine Currency (₱3,000,000,000.00);

That the Board of Trustees of the Corporation authorize, as it hereby accepts this offer for the purpose of financing the School and its Affiliate's Capital expenditure requirements, strategic investments and general corporate funding requirements, under such terms and conditions which the bank may prescribe;

That any two of the following officers be hereby authorized to sign all papers and documents needed and necessary to carry into effect the aforesaid purpose or undertaking for the benefit and to the credit of FAR EASTERN UNIVERSITY:

Name	Position
Aurelio R. Montinola III	Chairman
Michael M. Alba	President
Angelina P. Jose	Corporate Secretary
Juan Miguel R. Montinola	Chief Finance Officer
Rosanna E. Salcedo	Treasurer

8. Organizational Meeting of the Board of Trustees held on 27 August 2016:

Elected Corporate and University Officials for the fiscal year 2016-2017:

Corporate Officials

Dr. Lourdes R. Montinola	-	Chair Emeritus
Mr. Aurelio R. Montinola III	-	Chairman
Dr. Michael M. Alba	-	President
Ms. Angelina P. Jose	-	Corporate Secretary
Mr. Juan Miguel R. Montinola	-	Chief Finance Officer
Ms. Rosanna E. Salcedo	-	Treasurer

University Officials

Dr. Maria Teresa Trinidad P. Tinio	-	Senior Vice President, Academic Affairs
Dr. Myrna P. Quinto	-	Vice President, Academic Development
Atty. Gianna R. Montinola	-	Vice President, Corporate Affairs
Mr. Renato L. Serapio	-	Vice President, Human Resources Development
Mr. Glenn Z. Nagal	-	Comptroller
Mr. Rogelio C. Ormilon, Jr.	-	Compliance Officer

Executive Committee

Mr. Aurelio R. Montinola III	-	Chairman
Dr. Michael M. Alba	-	Member
Ms. Angelina P. Jose	-	Member
Dr. Paulino Y. Tan	-	Member
Mr. Juan Miguel R. Montinola	-	Member

Audit Committee

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

Corporate Governance Committee

Dr. Edilberto C. de Jesus	-	Chairman
Mr. Robert F. Kuan	-	Member
Atty. Gianna R. Montinola	-	Member
Ms. Angelina P. Jose	-	Member

Nomination Committee

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

Risk Management Committee

Mr. Robert F. Kuan	-	Chairman
Dr. Michael M. Alba	-	Member
Ms. Sherisa P. Nuesa	-	Member
Mr. Juan Miguel R. Montinola	-	Member

Compensation and Remuneration Committee

Mr. Aurelio R. Montinola III	-	Chairman
Mr. Robert F. Kuan	-	Member
Dr. Paulino Y. Tan	-	Member
Mr. Juan Miguel R. Montinola	-	Member

9. Board of Trustees' meeting held on 20 September 2016:

   Approval of Executive Committee Charter and Policy on Insider Trading.

10. Board of Trustees' meeting held on 17 January 2017:

    a. Appointment of Atty. Santiago L. Garcia, Jr. as concurrent Corporate Secretary – vice Ms. Angelina P. Jose – and Compliance Officer – vice Mr. Rogelio C. Ormilon, Jr. – with the rank of Vice President effective 01 February 2017.

       Assignment of Ms. Angelina P. Jose to the Office of the Chairman, Special Projects effective 01 February 2017.

    b. Approval of policy on Whistle Blowing.

    c. Authorization for the Corporation to subscribe to Six Million Five Hundred Thousand (6,500,000) common shares of FEU Alabang, Inc., with a par value of One Hundred Pesos (₱100.00) per share, at a subscription amount of Six Hundred Fifty Million Pesos (₱650,000,000.00);

Authorization for the following officials to sign, execute and deliver on behalf of the Corporation any subscription agreement or related document, and perform all acts necessary to give effect to the foregoing resolution:

Name	Position
Michael M. Alba	President
Juan Miguel R. Montinola	Chief Finance Officer

Delegation to the Executive Committee of the Corporation the authority to determine the amounts to be paid or disbursed periodically until full payment of the Subscription Amount and the schedule of such payments.

11. Board of Trustees' meeting held on 21 February 2017:

    a. Declaration of ₱10.00/share cash dividend on record as of 07 March 2017, payable on 21 March 2017.

    b. Approval of policy on Conflict of Interest.

12. Board of Trustees' meeting held on 21 March 2017:

    Approval of Code of Business Conduct and Ethics of Far Eastern University, Inc.

13. Board of Trustees' meeting held on 16 May 2017:

    Appointment of Mr. Francisco E. Lecaroz, Jr. as Chief Information Officer effective 01 June 2017.

Item 16: Matters Not Required to be Submitted

There are no matters to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

Item 17: Amendment of Charter, By-Laws or Other Documents

a. Amendment to Article Second of the Amended Articles of Incorporation

At the 2016 Annual Stockholders' Meeting, the following resolutions approved by the Board of Trustees on 21 July 2016 special meeting were ratified and confirmed by the stockholders holding 13,734,318 representing 83.35% of the total issued and outstanding capital stock of the Corporation:

RESOLVED, AS IT IS HEREBY RESOLVED, that the Board of Trustees of Far Eastern University, Inc. (the "Corporation"), approve, as it hereby approves, the amendment to Article Second of the Amended Articles of Incorporation, such that it will read as follows:

Second. That the purpose or purposes for which said corporation is formed are:

x xx

<u>(c) to assume, guarantee, act as surety, endorse or otherwise become directly or contingently liable, whether as principal, surety, guarantor or co-debtor, for or in connection with any debt or other obligations of any subsidiary in which the Corporation owns at least seventy five percent (75%) of the outstanding voting capital stock of such subsidiary.</u>

RESOLVED, Further, that the Board of Trustees of the Corporation be authorized to cause the application for the amendment to the Amended Articles of Incorporation to be filed with and approved by the Securities and Exchange Commission, and to thereafter promulgate such resolutions and to take such steps as it may deem necessary and desirable in order to implement such additional corporate power.

The Securities and Exchange Commission approved on January 16, 2017 the amendments to the Amended Articles of Incorporation of the Corporation as follows:

Second. That the purpose or purposes for which said corporation is formed are:

x xx

<u>(c) to assume, guarantee, act as surety, endorse or otherwise become directly or contingently liable, whether as principal, surety, guarantor or co-debtor, for or in connection with any debt or other obligations of any subsidiary in which the Corporation owns at least seventy five percent (75%) of the outstanding voting capital stock of such subsidiary.</u>

Item 18: Other Proposed Action

No other proposed action to be taken up in the annual meeting other than those stated in the agenda.

Item 19: 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 other 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:

The undersigned stockholder of FAR EASTERN UNIVERSITY, INC. (FEU) hereby appoints ______________________________________ or in his/her absence,

Chairman of the Board of Trustees Aurelio R. Montinola III or in his absence,
Chair Emeritus Lourdes R. Montinola or in her absence,
the Chairman of the Meeting

as attorney-in-fact and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name, as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of FEU on 21 October 2017 and at any of the adjournments thereof for the purpose of acting on the following matters:

Matter	Yes	No	Abstain
1. Approval of minutes of the annual meeting of stockholders held on 27 August 2016			
2. Approval of Annual Report and Audited Financial Statements			
3. Ratification and confirmation of all actions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers			
4. Election of Trustees, including Independent Trustees			
5. Appointment of External Auditor			
6. At his/her discretion, the attorney-in-fact and proxy named above is authorized to vote upon such other business as may properly come before the meeting			

____
Printed Name of Stockholder

____
Signature of Stockholder/Authorized Signatory

____
Date

This proxy should be received by the Corporate Secretary on or before 5:00 p.m. of 19 October 2017, the deadline for submission of proxies. This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder/s. If no direction is made, this proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management or the Board of Trustees. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

- 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 an authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the proxy.
- This proxy form is not required to be notarized.

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 27 August 2016;

b. approval of the Annual Report of the Chairman and the Academic Report of the President to the stockholders for fiscal year ending 31 May 2017;

c. ratification and confirmation of the actions of the Board of Trustees;

d. election of Trustees/Independent Trustees;

e. appointment of External Auditor;

f. such other matters as may properly come before the meeting and other actions of the Board of Trustees done and taken during the preceding year.

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

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

Solicitation shall be conducted by the Registrant through Stock Transfer Service, Inc. (STSI), the company's transfer agent by mail and personal delivery, and not by especially engaged employees. LBC Express, Inc., formerly known as Luzon Brokerage Corporation, the designated courier which will deliver the proxy statement has approximately 6,000 employees. It will charge a rate of ₱80.00 exclusive of 12% VAT for special delivery. No material features of the contract with the courier 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

SIGNATURE PAGE

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 1015

Attention:	**Atty. Santiago L. Garcia, Jr.** **Corporate Secretary**

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. This report is signed in the City of Manila on 22 September 2017.

ISSUER	:	FAR EASTERN UNIVERSITY, INC.
SIGNATURE AND TITLE	:	SANTIAGO L. GARCIA, JR. Corporate Secretary

ANNEXES

ANNEX A

EXPLANATION OF AGENDA ITEMS

1. **Call of meeting to order**

   Board of Trustees Chairman Aurelio R. Montinola III will preside and call the meeting to order at 3:00 p.m.

2. **Proof of notice of meeting and determination of quorum**

   Corporate Secretary Santiago L. Garcia, Jr. will certify that copies of the notice of meeting were sent to all stockholders of record as of 02 October 2017.

   The Secretary will announce the percentage of those present, in person and by proxy, to the total issued and outstanding capital stock entitled to vote and represented at the meeting.

   The Chairman of the Board will then declare the existence of a quorum.

3. **Approval of minutes of the annual meeting of stockholders held on 27 August 2016**

   Stockholders present will be provided with copies of the minutes of 27 August 2016 annual stockholders' meeting for their approval.

4. **Academic report of the President**

   Copies of the President's Report for Academic Year 2016-2017 will be distributed to those present.

5. **Approval of Annual Report and Audited Financial Statements**

   The Chairman will present the Annual Report with the Audited Financial Statements, advance copies of which will be made available to the stockholders present.

6. **Ratification and confirmation of all actions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers**

   All acts and resolutions of the Board of Trustees, Board and Management Committees, and Management and other Officers taken or adopted during the past year will be recommended to the stockholders for their ratification and confirmation.

7. **Election of Trustees, including Independent Trustees**

   In accordance with the By-Laws, as amended, the Nomination Committee will determine whether the nominees for the Board of Trustees, including the nominees for Independent Trustees, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders.

As recommended by the Nomination Committee, the following will be nominated (please see the profiles of the nominees to the Board of Trustees):

Trustees	Dr. Lourdes R. Montinola
	Mr. Aurelio R. Montinola
	Dr. Michael M. Alba
	Ms. Angelina P. Jose
	Mr. Antonio R. Montinola
	Dr. Paulino Y. Tan
Independent Trustees	Dr. Edilberto C. De Jesus
	Mr. Robert F. Kuan
	Ms. Sherisa P. Nuesa

8. Appointment of External Auditor

The firm Punongbayan & Araullo, Certified Public Accountants and the Philippine member firm of Grant Thornton International, Ltd., will be recommended for reappointment as External Auditor for the ensuing year.

9. Consideration of such other business as may properly come before the meeting

Stockholders may raise such other relevant matters or issues that may be taken up at the meeting.

10. Adjournment

Upon determination that there are no other matters to be considered, the Chairman, upon motion made and seconded, will declare the meeting adjourned.

Lourdes R. Montinola, 89, Filipino: Chair Emeritus (August 2013 to present), Chair (June 1989 to August 2013), Far Eastern University, Inc.

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

Dr. Montinola holds a Bachelor of Arts degree (*cum laude*) from Marymount College, New York, U.S.A., and an MA 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 PhD in English: Creative Writing from the University of the Philippines.

Aurelio Montinola III, 66, Filipino: Chairman of the Board of Trustees (August 2013 to present), Vice Chairman (June 1989 to August 2013), Far Eastern University, Inc.

Other Corporate Affiliations: Chairman, Amon Trading Inc., BPI-Philam Life Assurance Corporation, East Asia Computer Center, Inc., East Asia Educational Foundation, Inc., Nicanor Reyes Educational Foundation, Inc., World Wildlife Fund Philippines, FEU High School, Inc. and Roosevelt College, Inc.; Vice Chairman, Philippine Business for Education Foundation (PBED); Director, BPI/MS Insurance Corporation; Trustee, Makati Business Club; Member, Management Association of the Philippines and Independent Director, Xeleb Technologies, Inc.

He is also a Director of the Bank of the Philippine Islands, and Independent Director of Roxas and Company Incorporated, both listed corporations.

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

Michael M. Alba, 60, Filipino: President and Member of the Board of Trustees, Far Eastern University, Inc. (October 2012 to present)

He is President concurrently of East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Nicanor Reyes Educational Foundation, Inc., Far Eastern College Silang, Inc., FEU Alabang, Inc., FEU High School, Inc. and Roosevelt College, Inc.; and Governor, Nicanor Reyes Memorial Foundation. His affiliations include, among others: FEU Public Policy Center (Chairman), Philippine Association of Colleges and Universities (Board Member, Chair, Research Committee), Philippine Economic Society (Lifetime Member and President in 2007), Action for Economic Reforms (Fellow), Philippine Human Development Network (Member), Presidents' Forum of Southeast and South Asia and Taiwan Universities (Member, Steering Committee), Association of Southeast Asian Institutions of Higher Learning - National Council of the Philippines (Board Member), Management Association of the Philippines (Member), and Foundation for Information Technology Education and Development (President).

He obtained his AB (Economics) degree from the Ateneo de Manila University in 1978, MA (Economics) degree from the School of Economics, University of the Philippines (Diliman), in 1987, and PhD (Applied Economics) degree from Stanford University in 1993.

Angelina Palanca Jose, 64, Filipino: Trustee (June 1990 to present) and Special Projects (February 2017 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Member, Board of Directors, FERN Realty Corporation; Trustee, Nicanor Reyes Educational Foundation, Inc.; Treasurer and Trustee, FEU Educational Foundation, Inc.; Corporate Secretary and Governor, Nicanor Reyes Memorial Foundation; Member, Executive Committee, Far Eastern University, Inc.; Corporate Secretary and Director, Far Eastern College Silang, Inc.; Director, FEU Alabang, Inc.; Chair and President, Angel C. Palanca Peace Program Foundation, Inc.; and Chair, Board of Trustees, (April 2014 – April 2015 and April 2017 to present) and Enrolled Member (2013 – 2016) Ahon Sa Hirap, Inc.

She was also the Corporate Secretary of Far Eastern University from February 1998 to January 2017.

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

Paulino Y. Tan, 71, Filipino: Trustee, Far Eastern University, Inc. (June 1991 to present)

Other Corporate Affiliations: Chairman of FEU Alabang, Inc. President of Asia Pacific College. At present, Member of the Board of Directors/Trustees of the following companies: Nicanor Reyes Educational Foundation, Inc., FEU Educational Foundation, Inc., East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Lyceum of Batangas, Lyceum of Laguna, SM (Shoemart) Foundation, Inc., Asia Pacific Technology Educational Foundation, FERN Realty Corporation, Far Eastern College Silang, Inc., FEU High School, Inc., Roosevelt College, Inc. and Foundation for Information Technology Education and Development , Inc.

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

Antonio R. Montinola, 64, Filipino: Trustee, Far Eastern University, Inc. (November 2013 to present)

Other Corporate Affiliations: Chairman, President and Director – Round Royal, Inc.; President and Director FERN Realty Corporation, Monti-Rey, Inc. and Juliana Management Co., Inc.; Vice Chairman, Treasurer and Director, AMON Trading Corp., Director, Southwestern Cement Ventures, Inc., Far Eastern College Silang, Inc., and Nicanor Reyes Education Foundation, Inc.; and Trustee, FEU Educational Foundation, Inc.

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

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

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

Sherisa P. Nuesa, 63, Filipino: Independent Trustee, Far Eastern University (August 2010 to present).

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

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

She graduated with the degree of Bachelor of Science in Commerce (*summa cum laude*) at Far Eastern University in 1974 and received her Master in Business Administration degree from the Ateneo - Regis Graduate School of Business in 2010. She also attended post-graduate management programs at Harvard Business School and Stanford University. She received the ING -FINEX CFO of the Year award in 2008.

Robert F. Kuan, 68, Filipino: Independent Trustee, Far Eastern University, Inc. (September 2004 to present)

Other Corporate Affiliations: Trustee, St. Luke's Medical Center, Quezon City (Chairman, 1996-2011), St. Luke's Medical Center, Global City, Inc. (Chairman, 2009-2011), St. Luke's College of Medicine–William H. Quasha Memorial, Brent International School of Manila and Brent International School Subic, Inc., and AIM Scientific Research Foundation, Inc.; Chairman, Brent International School Baguio, Inc., Brent Schools, Inc., Willis Towers Watson Insurance Brokers Philippines, Inc. and St. Theodore of Tarsus Hospital in Sagada, Inc.; Independent Director, China Bank Savings, Inc., Planter's Development Bank, SEAOIL Philippines, Inc., CBC Investment Corporation, Inc. and China Bank Securities Corporation; and Independent Trustee, Roosevelt College, Inc.

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

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

Edilberto C. de Jesus, 74, Filipino: Independent Trustee, Far Eastern University, Inc. (August 2012 to present)

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

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

ANNEX B

PART II
INFORMATION REQUIRED IN A PROXY FORM

Items 1 and 2:

The undersigned stockholder of FAR EASTERN UNIVERSITY, INC. (FEU) hereby appoints ____________________________________ or in his/her absence,

Chairman of the Board of Trustees Aurelio R. Montinola III or in his absence,
Chair Emeritus Lourdes R. Montinola or in her absence,
the Chairman of the Meeting

as attorney-in-fact and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name, as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of FEU on 21 October 2017 and at any of the adjournments thereof for the purpose of acting on the following matters:

Matter	Yes	No	Abstain
1. Approval of minutes of the annual meeting of stockholders held on 27 August 2016			
2. Approval of Annual Report and Audited Financial Statements			
3. Ratification and confirmation of all actions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers			
4. Election of Trustees, including Independent Trustees			
5. Appointment of External Auditor			
6. At his/her discretion, the attorney-in-fact and proxy named above is authorized to vote upon such other business as may properly come before the meeting			

____
Printed Name of Stockholder

____
Signature of Stockholder/Authorized Signatory

____
Date

This proxy should be received by the Corporate Secretary on or before 5:00 p.m. of 19 October 2017, the deadline for submission of proxies. This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder/s. If no direction is made, this proxy will be voted "for" the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management or the Board of Trustees. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

- 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 an authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the proxy.
- This proxy form is not required to be notarized.

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **SHERISA P. NUESA**, Filipino, of legal age and a resident of Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **Far Eastern University** and have been its Independent Director since August 2010. (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
ALFM Mutual Funds	*President and Board Director	May 2012
Institute of Corporate Directors (ICD)	Board Trustee	May 2012
FEU Health, Welfare & Retirement Fund Plan	Independent Board Governor	June 2012
FERN Realty Corporation	Independent Board Director	August 2012
Manila Water Company	Independent Director	April 2013
East Asia Educational Foundation	Independent Trustee	March 2014
East Asia Computer Center, Inc.	Independent Director	March 2014
Integrity Initiative, Inc.	Board Trustee	May 2015
Metro Retail Stores Group, Inc. (MRSGI)	Senior Adviser to Board Directors	August 2015
Generika/Actimed Group	Independent Director	November 2015
Financial Executives Institute of the Phils. (FINEX) Foundation	Board Trustee	January 2016
Vicsal Development Corporation	Board Adviser/Consultant	March 2012

* became President as of April 2013

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

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities and Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable (N/A)		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
(N/A)		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

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

Done, this 11th day of Sept 2017, at Manila.

SHERISA P. NUESA
Affiant

SUBSCRIBED AND SWORN to before me this 11th day of Sept. 2017 at Manila, affiant personally appeared before me and exhibited to me her Tax Identification Number 132-204-906 issued in the Philippines.

Doc. No. 189
Page No. 39
Book No. XV
Series of 2017.

ENRICO G. GILERA
Notary Public for Manila
Until December 2018
PTR No. 5989654; 01.03.2017; Manila
IBP No. 1056107; 01.04.2017; PPLM
Roll No. 35149; May 27, 1988
MCLE Compliance No. V 0021389; May 4, 2016
Unit 403 Dona Consuelo Bldg.,
929 Nicanor Reyes Street, Manila
Te. No. 736 4975

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

CERTIFICATION OF INDEPENDENT DIRECTOR

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

1. I am a nominee for Independent Director of **Far Eastern University** and have been its Independent Director since September 2004 (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
China Banking Corporation	Independent Director	2005
China Bank Savings, Inc.	Independent Director	2009
China Bank Securities Corporation	Independent Director	2017
St. Luke's Medical Center, Inc.	Trustee	1989
St. Luke's College of Medicine, Inc.	Trustee	1996
St. Luke's Medical Center Global City, Inc.	Trustee	2008
BRENT Int'l School Manila, Inc.	Trustee	1989
BRENT Int'l School Subic, Inc.	Trustee	2009
BRENT Int'l School Baguio, Inc.	Chairman (BOT)	2009
BRENT Schools, Inc.	Chairman (BOT)	2010
St. Theodore of Tarsus Hospital Sagada, Inc.	Chairman (BOT)	2005
SEAOIL Phils, Inc.	Independent Director	2008
Willis Towers Watson Insurance Brokers Phil. Inc.	Chairman (BOD)	2014
Planter's Development Bank	Independent Director	2014
AIM Scientific Research Foundation, Inc.	Trustee	2014
Roosevelt College, Inc.	Independent Trustee	2016
CBC Investment Corporation, Inc.	Independent Director	2016

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

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities and Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable (N/A)		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

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

Done, this 11th day of Sept 2017, at Manila.

ROBERT F. KUAN
Affiant

SUBSCRIBED AND SWORN to before me this 11th day of Sept. 2017 at Manila, affiant personally appeared before me and exhibited to me his Tax Identification Number 115-733-271 issued in the Philippines.

Doc. No. 190
Page No. 39
Book No. XV
Series of 2017.

ENRICO G. GILERA
Notary Public for Manila
Until December 2018
PTR No. 5989654; 01.03.2017; Manila
IBP No. 1056107; 01.04.2017; PPLM
Roll No. 35149; May 27, 1988
MCLE Compliance No. V 0021389; May 4, 2016
Unit 403 Dona Consuelo Bldg.,
929 Nicanor Reyes Street, Manila
Te. No. 736 4975

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

CERTIFICATION OF INDEPENDENT DIRECTOR

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

1. I am a nominee for Independent Director of **Far Eastern University** and have been its Independent Director since August 2012 (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Philippine Business for Education	Member, Board of Advisers	2007
Phinma Corporation	Member, Board of Directors	2009
Makati Business Club	Member	2009
Institute of Corporate Directors	Fellow	2010
Asian Institute of Management	Professor Emeritus	2012
Foundation for Liberty and Prosperity	Member, Board of Trustees	2013
Philippine Reclamation Authority	Member, Board of Directors	2014
Cagayan de Oro College	Member, Board of Directors	2014
Nicanor Reyes Educational Foundation, Inc.	Independent Trustee	2014
Philippine Normal University	Member, Board of Trustees	2015
Roosevelt College, Inc.	Independent Trustee	2016

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

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities and Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable (N/A)		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the __(head of the agency/department)__ to be an independent director in ____N/A___________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

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

Done, this 11th day of Sept. 2017, at Manila.

EDILBERTO C. DE JESUS
Affiant

SUBSCRIBED AND SWORN to before me this 11th day of Sept. 2017 at Manila, affiant personally appeared before me and exhibited to me his Tax Identification Number 103-104-968 issued in the Philippines.

Doc. No. 191
Page No. 40
Book No. XV
Series of 2017.

ENRICO G. GILERA
Notary Public for Manila
Until December 2018
PTR No. 5989654; 01.03.2017; Manila
IBP No. 1056107; 01.04.2017; PPLM
Roll No. 35149; May 27, 1988
MCLE Compliance No. V 0021389; May 4, 2016
Unit 403 Dona Consuelo Bldg.,
929 Nicanor Reyes Street, Manila
Te. No. 736 4975

ANNEX D

Republic of the Philippines
OFFICE OF THE PRESIDENT
COMMISSION ON HIGHER EDUCATION

July 25, 2017

Mr. Vicente Graciano P. Felizmenio, Jr.
Director
Market and Securities Regulation Department
Securities and Exchange Commission

Dear **Director Felizmenio**:

Please be informed that the Commission on Higher Education does not interpose any objection to the engagement of Dr. Paulino Y. Tan with Far Eastern University, where he is a member of the Board of Trustees.

We believe that the association of Dr. Paulino Y. Tan in the aforementioned private institution does not and will not involve any conflict of interest with the Commission.

However, in the remote event that such a conflict arises in any matter presented, he shall be requested to inhibit himself from participating in such proceedings.

Very truly yours,

PATRICIA B. LICUANAN, Ph.D.
Chairperson

ANNEX E

Republic of the Philippines
PHILIPPINE RECLAMATION AUTHORITY
(Public Estates Authority)
7th floor, Legaspi Towers 200 Bldg., 107 Paseo de Roxas St., Legaspi Village, 1226 City of Makati
Tel. No.: (02) 459-5000 • Facsimile No.: (02) 815-2662
Website: www.pea.gov.ph • Email: info@pea.gov.ph

July 4, 2017

JUL 12 2017

RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director
Market and Securities Regulation Department
Securities and Exchange Commission
SEC Building, EDSA
Greenhills, Mandaluyong City

Dear Director Felizmenio:

Upon the request of our Director Edilberto C. de Jesus, The Philippine Reclamation Authority (PRA) reiterates its non-objection to his engagements with the following private corporations concurrently with his directorship in this Agency:

Company	Position
Far Eastern University, Inc.	Board Trustee
PHINMA Corporation	Board Director

Such engagements do not pose any actual or potential conflict of interest with this Agency. However, in the remote event that such conflict of interest actually arises in any matter presented to our Board for consideration, Director de Jesus shall be requested to inhibit himself from participating in such proceedings.

Thank you.

Very truly yours,

ATTY. ALBERTO C. AGRA
Chairman

ANNEX F

FAR EASTERN UNIVERSITY

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF TRUSTEES

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

The Board of Trustees
Far Eastern University, Inc.

The Audit Committee's roles and responsibilities are defined in the Audit Committee Charter approved by the Board of Trustees. It assists the Board of Trustees in fulfilling its oversight responsibility for the University's financial reporting process, the system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations.

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

I. Audit Committee Structure and Process

1. The Audit Committee is composed of four (4) members, three (3) of whom are independent trustees including the Chair.
2. We had five (4) committee meetings which included one (1) joint meeting with the Risk Management Committee. All our meetings are covered by minutes of meetings approved by the members of the committee.
3. We reviewed the current audit committee charter and made certain amendments thereto.

II. Internal and External Auditors and Internal Controls

1. We discussed and approved the overall scope and the respective audit plans of the company's internal auditors and independent auditors Punongbayan and Araullo (P&A). We also discussed the results of their audits and their assessment of the company's internal controls and found that the system is adequate and operating effectively.
2. We have reviewed and approved all audit and non-audit services provided by P&A to Far Eastern University, Inc.

III. Financial Reporting

We reviewed, discussed, and endorsed for the approval of the Board, and subject to the limitations of the Committee's roles and responsibilities, the quarterly unaudited and annual audited consolidated statements of Far Eastern University, Inc. and Subsidiaries.

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

ANNEX G

MANAGEMENT REPORT

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

B. Market Price and Dividends

C. Top 20 Stockholders as of 31 August 2017

D. Management Discussion and Analysis or Plan of Operation

E. Corporate Governance

F. Statement of Management's Responsibility for Financial Statements

G. Audited Parent and Consolidated Financial Statements as of May 31, 2017, May 31, 2016 and March 31, 2016 with accompanying notes to Financial Statements

A. Brief Discussion of Business

Far Eastern University, Inc. (also referred to as "FEU", the "University", or the "Corporation) was incorporated in **1933**.

Far Eastern University, Inc., founded in 1928, is a private, non-sectarian institution of learning. Guided by the core values of Fortitude, Excellence, and Uprightness, FEU aims to be a university of choice in Asia. Committed to the highest intellectual, moral, and cultural standards, the University strives to produce principled and professionally competent graduates; and it nurtures a service-oriented and environment-conscious community that seeks to contribute to the advancement of the global society. Tuition and other fees, which are the main sources of its financial stability, are moderate and subject to government regulation. Full and partial scholarship grants are also awarded to deserving students. And the FEU Foundation supplements financial assistance funds through special grants. FEU maintains excellent facilities to best serve the schooling experience of its students. These include, among others, a library with an expanding electronic footprint; laboratories of various types; audio-visual and multi-media rooms including smart classrooms; conference, meeting, and multi-function rooms; auditoriums, gyms, and other sports facilities; a clinic; an information-technology enabled gate security system; and an integrated cloud-based, enterprise-software (NetSuite) enrollment system. [It also uses a state-of-the-art learning management system (Instructure's Canvas).] All classrooms are spacious and air-conditioned – the ambient temperature powered campus-wide by an environmentally friendly and, apparently thus far, the only district-cooling system in the Philippines.

The University's high standard of quality is substantiated by numerous recognitions from the Commission on Higher Education (CHED) as well as accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU). It is one of only six Philippine universities that is a member of the ASEAN University Network (AUN). CHED conferred on FEU (Manila) the autonomous university status on July 25, 2012. Using the stricter quality-assurance framework of CHED Memorandum Order 46 Series of 2012, the Commission reaffirmed this status (per CHED Memorandum Order 20 Series of 2016) on April 1, 2016, extending it until May 31, 2019.

Far Eastern University was cited as one of the top 50 publicly-listed companies (PLCs) in the 2016 ASEAN Corporate Governance Scorecard (ACGS).

<u>Product:</u> The Corporation is an educational institution. Specifically, a private, non-sectarian institution of learning composed of seven Institutes and a satellite campus that offer baccalaureate and graduate programs as follows:

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

Baccalaureate Programs:

- Bachelor of Science in Accountancy
- Bachelor of Science in Business Administration major in Business Economics
- Bachelor of Science in Business Administration major in Business Management
- Bachelor of Science in Business Administration major in Financial Management
- Bachelor of Science in Business Administration major in Human Resource Development Management
- Bachelor of Science in Business Administration major in Internal Auditing (leading to the Bachelor of Science in Accountancy)
- Bachelor of Science in Business Administration major in Legal Management
- Bachelor of Science in Business Administration major in Marketing Management
- Bachelor of Science in Business Administration major in Operations Management

Baccalaureate Programs (Makati campus):

- Bachelor of Science in Accountancy
- Bachelor of Science in Accounting Technology
- Bachelor of Science in Business Administration major in Business Economics
- Bachelor of Science in Business Administration major in Business Management
- Bachelor of Science in Business Administration major in Financial Management
- Bachelor of Science in Business Administration major in Human Resource Development Management
- Bachelor of Science in Business Administration major in Legal Management
- Bachelor of Science in Business Administration major in Marketing Management
- Bachelor of Science in Business Administration major in Operations Management
- Bachelor of Science in Information Technology

Graduate Program (Makati campus):

- Master in Business Administration

B. Institute of Architecture and Fine Arts (IARFA)

Baccalaureate Programs:

- Bachelor of Fine Arts major in Advertising Arts
- Bachelor of Fine Arts major in Painting
- Bachelor of Science in Architecture

C. Institute of Arts and Sciences (IAS)

Baccalaureate Programs:

- Bachelor of Arts in Communication
- Bachelor of Arts in English Language
- Bachelor of Arts in Interdisciplinary Studies
- Bachelor of Arts in International Studies
- Bachelor of Arts in Literature
- Bachelor of Arts in Political Science
- Bachelor of Science in Applied Mathematics with Information Technology
- Bachelor of Science in Biology
- Bachelor of Science in Medical Technology
- Bachelor of Science in Psychology

Graduate Programs:

- Doctor of Philosophy in Psychology major in Clinical Psychology
- Doctor of Philosophy in Psychology major in Forensic Psychology
- Doctor of Philosophy in Psychology major in Industrial Psychology
- Master of Arts in Communication
- Master of Arts major in Letters
- Master of Arts in Psychology specialization in Clinical Psychology
- Master of Arts in Psychology specialization in Industrial Psychology
- Master of Science in Biology

D. Institute of Education

Baccalaureate Programs:

- Bachelor of Elementary Education major in General Education
- Bachelor of Elementary Education major in Preschool Education
- Bachelor of Elementary Education major in Special Education
- Bachelor of Physical Education major in School Physical Education
- Bachelor of Secondary Education major in English
- Bachelor of Secondary Education major in General Science
- Bachelor of Secondary Education major in Mathematics

- Bachelor of Bachelor of Secondary Education major in Sports and Recreational Management

Certificate Program:

- Teacher Certificate Program

Graduate Programs:

- Doctor of Education major in Curriculum and Instruction
- Doctor of Education major in Educational Administration
- Doctor of Education major in Language and Literature Education
- Master of Arts in Education major in Curriculum and Instruction
- Master of Arts in Education major in Educational Administration
- Master of Arts in Education major in English Language Teaching
- Master of Arts in Education major in Literature and Language Education (English)
- Master of Arts in Education major in Special Education
- Master in Physical Education

E. Institute of Law

Graduate Programs (Makati campus):

- Bachelor of Laws
- Juris Doctor

F. Institute of Nursing

Baccalaureate Program:

- Bachelor of Science in Nursing

Graduate programs:

- Master of Arts in Nursing specialized in Community Health
- Master of Arts in Nursing specialized in Maternal-Child Health
- Master of Arts in Nursing specialized in Medical-Surgical Nursing
- Master of Arts in Nursing specialized in Mental Health and Psychiatric Nursing
- Master of Arts in Nursing specialized in Nursing Systems Administration

G. Institute of Tourism and Hotel Management

Baccalaureate Programs:

- Bachelor of Science in Hotel and Restaurant Management
- Bachelor of Science in Tourism Management

All of these academic program offerings were approved and/or granted permits by CHED, the Legal Education Board (in the case of the Bachelor of Laws and Juris Doctor programs), and other relevant government institutions.

Accreditation on Programs

Far Eastern University continuously strives for excellence in teaching, research and development, and extension work. Validations of this institutional effort include CHED's citations of (a) the teacher-education programs of the IE as a Center of Excellence and (b) the Bachelor of Science in Business Administration program of the IABF as a Center of Development.

Local Accreditations

Almost all of the academic programs in the Manila campus are accredited by PACUCOA.
The following programs have PACUCOA Level IV accreditation status (the highest), effective for the period December 2015 to December 2020:

- Bachelor of Arts in Communication
- Bachelor of Elementary Education
- Bachelor of Science in Accountancy
- Bachelor of Science in Applied Mathematics with Information Technology
- Bachelor of Science in Biology
- Bachelor of Science in Business Administration
- Bachelor of Science in Psychology
- Bachelor of Secondary Education

The following have Level II first-reaccreditation status for the period February 2017 to February 2022:

- Doctor of Education
- Master of Arts in Education
- Master of Arts in Psychology

Programs with Level I formal-accreditation status, by effectivity period, are as follows:

o For September 2015 to September 2018

- Bachelor of Arts in English Language
- Bachelor of Arts in Literature
- Bachelor of Arts in Political Science
- Bachelor of Science in Tourism Management

o For November 2016 to September 2019

- Bachelor of Arts in Hotel and Restaurant Management
- Bachelor of Arts in International Studies
- Bachelor of Fine Arts
- Bachelor of Science in Medical Technology

o For February 2017 to September 2020

- Bachelor of Science in Architecture

The Bachelor of Science in Nursing is the only academic program in the Manila campus that is accredited by PAASCU. It has Level II Resurvey status for the period November 2016 to November 2021.

In the Makati campus, three undergraduate programs were conferred the Candidate Status by PACUCOA, effective for the period March 2017 to March 2019:

- Bachelor of Science in Accountancy
- Bachelor of Science in Accounting Technology
- Bachelor of Science in Business Administration

International Accreditations

Far Eastern University was accepted as an associate member of the ASEAN University Network Quality Assurance (AUN-QA) in August 2017.

The IABF renewed its membership in the Association to Advance Collegiate Schools of Business (AACSB), effective July 2017 to June 2018.

The ITHM is an associate member of the International Centre of Excellence in Tourism and Hospitality Education (THE-ICE) until June 2017.ITHM's Bachelor of Science in Tourism Management program is also accredited by the Asia-Pacific Institute for Events Management (APIEM) as a Center of Excellence, effective February 2017 to February 2021.

FEU INSTITUTE OF TECHNOLOGY

Founded in 1992, the FEU Institute of Technology, also known as FIT or FEU Tech (and formerly as FEU East Asia College), is a private, non-sectarian institution that provides quality education in the fields of engineering and information technology.

FEU Tech occupies two buildings: the Technology Building of FEU Manila along Nicanor Reyes Street and the new 17-story FEU Tech Building on P. Paredes Street. Designed to effectively promote all modes of learning, the new building's facilities include spacious and air-conditioned classrooms with glass boards and digital projectors, well-equipped computer laboratories and engineering workshops, a library with a large collection of digital media, a covered gym and basketball court, a 25-meter 8-lane swimming pool, study areas for both individual and collaborative work, and exhibit areas and multi-function rooms. Its other notable features consist of scenic elevators, an e-Building high-tech security system, and an observation deck that provides a breathtaking view of Manila and its world-famous bay and sunset.

FEU Tech offers distinctive academic programs that afford opportunities for studying abroad and for undergoing intensive, real-world training with its industry partners, a network of some 800 technology or engineering firms. Its engineering classes have high passing rates in the professional licensure examinations, with its best students among the board top-notchers.

FEU Tech offers the following programs and specializations:

College of Engineering:

- B.S. Civil Engineering
- B.S. Computer Engineering
- B.S. Electrical Engineering
- B.S. Electronics Engineering
- B.S. Mechanical Engineering
- B.S. Construction Engineering and Management
- B.S. Manufacturing Engineering

College of Computer Studies:

- B.S. Computer Science, with specialization in:
    - Software Engineering
    - Business Analytics and Data Science
    - Geospatial and Drone Technologies

- B.S. Information Technology, with specialization in:
    - Animation and Game Design
    - Digital Arts
    - Service Management
    - Business Analytics
    - Web and Mobile Application Development

- B.S. Entertainment and Multimedia Computing, with specialization in:
    - Digital Animation Technology
    - Game Development

- Master in Information Technology

THE NICANOR REYES EDUCATIONAL FOUNDATION

The Nicanor Reyes Educational Foundation, also known as FEU-FERN College or FEU Diliman, was established in 1994 to commemorate the birth centennial of DrNicanor Reyes Sr, the founder and first president of FEU. Located in a 10-hectare property in Mapayapa Village, Barangay Pasong Tamo (formerly part of Barangay Diliman), Quezon City, the campus originally housed the Institute of Technology (circa 1983).

FEU Diliman's Basic Education Department delivers an advanced curriculum in English, Science, and Mathematics, which integrates the development of 21st century skills. Students are provided with holistic development through engagement in sports, culture, values formation and socio-civic activities and programs. Value added courses are embedded primarily to prepare the FEU Diliman basic education graduate to pursue higher education in the top universities in the country.

FEU Diliman's Higher Education Department, for its part, seeks to be classified as a professional institute under CHED's horizontal typology (as set forth in CHED Memorandum Order 46 Series of 2012) and to provide courses of study that fuse business and information technology. Professional core courses for technical proficiency and internship for real world practice form the core of the curriculum. Technology-driven non-traditional delivery strategies allow higher student engagement and motivation to achieve outcomes. Graduates are technology-empowered, highly qualified professionals and principled leaders poised to provide innovative solutions to industry's future challenges to shape its future.

The school plans to develop and utilize the entire 10-hectare area it sits on. Following the first phase of development of its master plan, a new building is being constructed to accommodate more students in AY 2018-2019. The expansion of the school's "plant size" complements existing the construction of a four-storey, 39 classroom facility is slated for the current year and marks the first phase in the development of the master plan. The plan covers the full development of the whole property that would cater to the curricular and co-curricular facility needs of FEU Diliman's current and future stakeholders.

This development will complement existing recreation and world class sports facilities such as the artificial football pitch, a primary venue for hosting the UAAP football competition, and a gym that houses the same hardwood floors used in FIBA World cup courts in Spain. Existing facilities cater to different sporting and recreational pursuits for weight training, ultimate Frisbee, futsal, volleyball, badminton, judo, and taekwondo.

With the dynamic approach to education, FEU Diliman readily identifies the curricular needs of the students. With the FEU core values of **Fortitude, Excellence**, and **Uprightness**, FEU Diliman continuous to **transform, empower** and **inspire** its students and graduates to continue to be part of shaping the country's future through positively impacting and transforming the lives of others.

FEU CAVITE

Far Eastern University (FEU) expanded the legacy of its Founder beyond Manila. Incorporated in 2009, **FEU Cavite**, located within the gated and secured environs of MetroGate Silang Estates in Silang, Cavite, consists of two modern and medium-rise buildings - one for Basic Education and another for Higher Education, built on two separate sites. The pristine campus rests amidst an invigorating atmosphere, with the eco-friendly structures housing spacious classrooms, equipped with state-of-the-art learning facilities that are deemed at par with existing international schools.

In June 2010, FEU Cavite opened its doors to students for pre-school, grade school, high school, and college levels. In June 2016, the school welcomed its first batch of senior high school students (Grade 11).

The **Basic Education Department (BED)** has been certified as an Education Service Contracting Scheme (ESC) school by FAPE (Fund for Assistance to Private Education) in April 2016 which enables deserving elementary students to avail of government financial assistance to pursue secondary education in private schools. Last school year, 30 Grade 7 students were ESC grantees. Equipping the learners with relevant competencies, BED implemented the Scholastic Reading program and MathScore to enhance students' critical thinking skills, develop positive reading experience, and practice mathematical skills through computer-adaptive technology. Students won in various competitions like ENFILSCIMAPEHTORY Quiz Bee (first placers in both English and Math categories) and received numerous awards including 12 in Math, nine in English, five in Science, and three in Filipino.

Moreover, the department conducted a nine-day Curriculum Mapping and Unit Planning Workshop in May 2016. To strengthen teachers' curriculum mapping knowledge and skills, BED representatives participated in the FEU-wide workshop held in June 2017.

In AY 2016-2017, the **Senior High School (SHS) Department** successfully implemented the first year of SHS and accommodated more than 150 students from Cavite, Laguna, and Batangas areas into the STEM, ABM, and HUMSS academic tracks.

The **Higher Education Department (HED)** offers degree programs in Accountancy, Accounting Technology, Business Administration, Elementary and Secondary Education, Hotel and Restaurant Management, Information Technology, Tourism Management, and Psychology. The Center for Continuing Education offers non-degree programs and short courses such as English as a Second Language (ESL) and TESDA course on Bread and Pastry Production (BPP). Recently, TESDA Central office audit team reported the compliance of the school's BPP program on its training regulations. FEU CAVITE – HED already has four batches of graduates, a total of 496 comprising the alumni roster. The graduates are well-placed in various industries.

On licensure examination performance, the maiden and second batches of Education majors are 100% LET passers; 85.71% passing rate (BLEP 2016) for the first batch of BS Psychology graduates, posing the highest performance rate in the Cavite area; and 80% CPA board performance in May 2017. Overall, FEU Cavite achieved its performance metric of 80% for professional licensure examinations.

FEU Cavite continues to improve its program offerings and courses. Information Technology curriculum was revised to offer specialization tracks in Web and Mobile, Business Analytics and Service Management; Accounting Technology curriculum included mandatory on-the-job training; and the new General Education Curriculum framework named L.E.A.R.N. (Nicanor Reyes Aspirational and Educational Legacy) was developed in compliance with CMO No. 20, series of 2013. HED commenced revising its curriculum to comply with the new CHED Policies, Standards, and Guidelines (PSGs) implementable in AY 2018-2019. Faculty members participated in local, national, and international activities such as seminar-workshops, conferences, and paper presentations. College students consistently brought home recognitions as finalist in the Business Idea Development Award (BIDA); champion in Theory of Accounts and Business Law in the Annual JPIA Regional Convention competition; champion in the Extemporaneous Speaking contest sponsored by the Educator's Congress; and champion in the Quiz Bee hosted by the Young Educators Congress in 2016. In sports development, FEU Cavite launched a Sports Club in January of 2017 and held the Summer Sports Camp in April 2017. School-wide, the stakeholders are active in different community service programs benefitting residents of Biluso and Biga communities in Silang, Cavite.

<u>FEU HIGH SCHOOL, INC.</u>

Established as a subsidiary of Far Eastern University in 2013, FEU High School, Inc., is an educational institution that aims to provide quality education in the senior high school level.

Nestled inside the FEU Manila Campus, FEU High School opened the Senior High School in AY 2016-2017 to its first batch of students offering the academic track with the following strands: Science, Technology, Engineering, and Mathematics (STEM); Accountancy, Business, and Management (ABM); Humanities and Social Sciences (HUMSS); and the General Academic Strand (GAS).

Guided by the FEU Manila core values of Fortitude, Excellence, and Uprightness, Far Eastern University High School provides quality education that prepares its graduates for the world of work, for college, and for life. Its curriculum is student-centered, values-oriented, and competency-laden; its delivery methods technology-enabled, and its learning activities project-based. Student centered and driven learning is facilitated by the competent and nurturing faculty and staff using a blended learning approach.

Academic activities and celebrations of the different subject areas imbue the love of culture and the arts and enhance the competence of the utilization of technology in the learning-teaching process. The academic offerings of the school are complemented by special programs that foster experiential learning and development of leadership, social skills, and service among the students. These include the summer program FEUHS Integrated Enhancement and Reinforcement Classroom Experience (FIERCE); Student Training on Responsible Individuality and Development Enhancement Sessions (STRIDES); the club program – Multiple Intelligence Learning Enhancement Sessions (MILES); alternative classes –Student Alternative Integrated Learning Sessions (SAILS),) programs under the Guidance Office for Counseling Assessment Research and Evaluation, and various leadership and outreach programs among others.

<u>ROOSEVELT COLLEGE, INC.</u>

Roosevelt College, Inc., (RCI) is a respected pioneer in tertiary and basic education in eastern Metro Manila and the Province of Rizal. RCI currently offers preschool, elementary, secondary, and senior high school courses in all of its five campuses (Cainta, Cubao, Marikina, Rodriguez, and San Mateo). A special science program, as well as tertiary education and graduate school programs, are offered in the Cainta campus. RCI ended SY 2016–2017 with 5,230 students of which 62% were in high school. RCI Rodriguez has the largest student population at 1,850, with two-thirds in high school.

On May 12, 2016, FEU purchased 79.72% of the outstanding capital stock of RCI and gained management control of RCI including all its existing campuses as well as the affiliated companies. RCI thus became a member of the Far Eastern University (FEU) group of schools and FEU President Michael M. Alba took over concurrently as the new RCI president.

Under FEU management, the school remained dedicated to the pursuit of providing high-quality education to all Roosevelt students. RCI reaffirmed its commitment to academic excellence by strengthening its instruction, research, faculty development, and improving its facilities. The institution will continue to introduce innovative approaches to improve all educational programs.

RCI envisions a productive and responsible citizenry empowered through education. Promoting the values of *resilience, competence*, and *integrity*, RCI aims to provide an education that will help its students become engaged members of the community, the country, and the world.

History of RCI

In 1933, the institution was established as Marikina Academy by Marikina Mayor Wenceslao C. dela Paz (d. 1944) as a non-sectarian, private, secondary school in Marikina, Rizal. The Academy closed after the death of its founder in 1944.

In 1946, the Roosevelt Memorial High School (RMHS), named in honor of the American president Franklin D. Roosevelt, in appreciation of his role in supporting the Philippines during World War II, opened in the same location as Marikina Academy. Engr. Deogracias F. dela Paz became chairman and president of the newly formed corporation that operated the school.

Thirty years of growth followed during which many of the RHMS campuses were established and, with the opening of elementary courses, they were renamed Roosevelt College. College courses and postgraduate courses were also opened.

With the demise of Engr. Deogracias F. dela Paz in 1977, Feliza M. dela Paz became acting president until Romeo P. dela Paz took over as President in 1979. A new era of Roosevelt schools began with the investment in new infrastructure and facilities in seven campuses and a peak student population of 27,000. Significant innovations were introduced in the educational programs and upgrading of the educational delivery system took place.

<u>FEU ALABANG</u>

Far Eastern University continues its mission to provide quality education as it is set to open its sixth campus at Filinvest City, Alabang in 2018. The 1.8-hectare campus will feature a 15-storey academic building with laboratory facilities and classrooms for the institution's business, science IT, and engineering programs, FEU Alabang will also have a 7-storey administration building with an auditorium, gymnasium, centralized library, and open spaces.

With its prime location and avast array of program offerings, the campus can accommodate up to 18,000 students. As the University prides itself on the long-standing commitment to preserving the environment and natural resources, the Alabang campus will have sustainable structures which will use the sun's orientation and prevailing wind direction for light and ventilation conservation.

Situated in the heart of Filinvest City, FEU Alabang is set to give future students the complete academic experience with great accessibility to a multitude of opportunities. Surrounded by multinational companies which FEU recognizes as industry partners, students will have an advantage in gaining south-after internships and rewarding future careers.

Set to become one of the pioneering academic institutions in the area, FEU Alabang will offer the following programs:

1. Senior High School
    - Science, Technology, Engineering, and Mathematics (STEM)
    - Accountancy, Business, and Management (ABM)
    - Humanities and Social Science (HUMSS)
    - General Academic Strand (GAS)
2. Bachelor of Science in Civil Engineering
3. Bachelor of Science in Computer Engineering
4. Bachelor of Science in Electronics Engineering
5. Bachelor of Science in Electrical Engineering
6. Bachelor of Science in Mechanical Engineering
7. Bachelor of Science in Construction Engineering and Management
8. Bachelor of Science in Manufacturing Engineering
9. Bachelor of Science in Information Technology
10. Bachelor of Arts in Multimedia Arts
11. Bachelor of Science in Computer Science
12. Bachelor of Science in Entertainment and Multimedia Computing
13. Bachelor of Science in Accountancy
14. Bachelor of Science in Business Administration
15. Bachelor of Science in Entrepreneurship
16. Bachelor of Science in Management Accounting
17. Bachelor of Science in Accounting Information System
18. Bachelor of Science in Internal Auditing
19. Bachelor of Science in Business Analytics
20. Bachelor of Science in Biology
21. Bachelor of Science in Medical Technology
22. Bachelor of Science in Psychology
23. Bachelor of Science in Pharmacy

B. 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 2016 to September 2017:

2016	High	Low	Close
Apr	1,046.00	950.00	960.00
May	985.00	910.50	910.50
Jun	1,000.00	950.00	1,000.00
Jul	975.00	911.00	939.50
Aug	965.00	940.00	960.00
Sep	970.00	945.00	953.00
Oct	1,000.00	953.00	956.50
Nov	988.00	953.50	954.00
Dec	1,000.00	950.00	950.00
2017			
Jan	1,050.00	950.00	960.00
Feb	1,000.00	960.00	1,000.00
Mar	1,000.00	950.00	1,000.00
Apr	998.00	970.00	970.00
May	988.00	970.00	970.00
June	1,000.00	970.00	970.00
July	999.50	970.00	990.00
August	990.00	970.00	970.00
September*	1,000.00	970.00	1,000.00

* as of September 13, 2017 (No transaction from September 14 – 22, 2017)

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

a. June 01, 2017 - August 31, 2017

Period		High		Low		Close
First Quarter	₱	996.50	₱	970.00	₱	976.67

b. June 01, 2016 - May 31, 2017

Period		High		Low		Close
First Quarter	₱	980.00	₱	933.67	₱	966.50
Second “		986.00		950.50		954.50
Third “		1,016.67		953.33		970.00
Fourth “		995.33		963.33		980.00

c. April 01, 2016 - May 31, 2016

Period		High		Low		Close
April to May	₱	1,015.50	₱	930.25	₱	935.25

d. April 01, 2015 - March 31, 2016

Period		High		Low		Close
First Quarter	₱	1,099.83	₱	904.67	₱	952.33
Second "		975.00		916.67		946.67
Third "		978.00		937.00		953.33
Fourth "		986.33		953.33		974.67

Dividends:

Cash Dividend:

April 1, 2016 – May 31, 2017

Payment Date	Outstanding Shares	Cash Dividend Rate	Amount
July 19, 2016	16,477,023	₱12.00/share	₱197,724,276.00
March 21, 2017	16,477,023	10.00/share	164,770,230.00
			₱362,494,506.00

April 1, 2015 – March 31, 2016

Payment Date	Outstanding Shares	Cash Dividend Rate	Amount
July 14, 2015	16,477,023	₱12.00/share	₱197,724,276.00
January 15, 2016	16,477,023	12.00/share	197,724,276.00
			₱395,448,552.00

Stock Dividend:

No stock dividend for the period April 1, 2016 to May 31, 2017 was declared.

Restrictions on Dividends

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

Recent Sales of Unregistered or Exempt Securities

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

C. Number of Shareholders

There are 1,501 common stockholders holding a total of 16,477,023 outstanding shares as of 31 August 2017.

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	4,717,162 – D	Filipino	28.63
2. Common	Sysmart Corporation	3,546,138 – D	Filipino	21.52
3. Common	Desrey, Incorporated	1,318,464 – D	Filipino	8.00
4. Common	PCD Nominee Corporation (Filipino)	747,386 – D	Filipino	4.54
5. Common	Angelina D. Palanca	531,873 – D	Filipino	3.23
6. Common	Sr. Victorina D. Palanca	369,600 – D	Filipino	2.24
7. Common	ICM Sisters Phil. Mission Board, Inc.	361,200 – D	Filipino	2.19
8. Common	Aurelio Montinola III	313,812 – D	Filipino	1.90
9. Common	Marco P. Gutang	210,135 – D	Filipino	1.28
10. Common	Gonzaga-Lopez Enterprises, Inc	201,828 – D	Filipino	1.22
11. Common	Amon Trading Corporation	191,764 – D	Filipino	1.16
12. Common	Jomibel Agricultural Development Corporation	178,884 – D	Filipino	1.09
13. Common	ZARE, Inc.	83,361 – D	Filipino	0.51
14. Common	Rosario P. Melchor	81,022 – D	Filipino	0.49
15. Common	Juan Miguel R. Montinola	75,144 – D	Filipino	0.46
16. Common	Rosario Panganiban Melchor	73,552 – D	Filipino	0.45
17. Common	Gianna R. Montinola	72,626 – D	Filipino	0.44
18. Common	Antonio R. Montinola	72,412 – D	Filipino	0.44
19. Common	Consorcia P. Reyes	66,085 – D	Filipino	0.40
20. Common	The Caridad I. Santos Gifting Trust	55,944 – D	Filipino	0.34
	Total	**13,268,392**		**80.53**

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

As an academic institution, The Far Eastern University, Incorporated and its subsidiaries (The Group or FEU) is fully aware of the importance of education in nation building and to its students who benefit from quality instruction, research and community extension.

The Group is committed to continuously uplift academic standards through updating of its curricula, developing the faculty, improving the services to its students and providing the best educational facilities.

Consolidated Financial Position

The consolidated financial position of the Group remains strong as of May 31, 2017 and March 31, 2016 and 2015.

The consolidated total assets of the Group as of March 31, 2015 reached P9,090.88 million, which is composed of P3,804.40 million and P5,286.48 million, current and non-current assets, respectively. Total equity is stable with portions attributable to the owners of the Parent Company amounting to P5,889.36 and non-controlling interest (NCI) amounting to P1,629.47 million. Current and debt-to-equity ratios were at 2.51:1 and 21%, respectively.

As of March 31, 2016, consolidated total assets further increased to P9,961.05 million, which was 6.60% higher than the previous year's P9,090.88 million. The increase in consolidated total assets is mainly attributable to the increase in current assets which grew by 11.12%, from

P3,804.40 million to P4,227.41 million. Non-current assets also contributed to the said increase as it grew by 3.35%, from P5,286.48 million as of March 31, 2015, to P5,463.64 million as of March 31, 2016. Consolidated total liabilities, on the other hand, had dropped by 6.47% to P1,470.27 million as of March 31, 2016 compared to previous year's P1,572.05 million. Current liabilities went down to P747.85 million from previous year's P1,516.57 million, while non-current liabilities increased to P722.42 million from P55.48 million last year. Total consolidated equity remains stable with portions attributable to the owners of the Parent Company and NCI at P6.569.20 million and P1,651.58 million, respectively.

Current and debt-to-equity ratios as of March 31, 2016, remains favorable at 5.65:1 and 18%, respectively.

As of the end of the current fiscal year, consolidated total assets have breached the P10.0 billion-mark as it reached P11,956.15million, which was 23.37% higher than the previous year's P9,691.05 million. Current assets increased by 18.98% from P4,227.41 million to P5,029.60 million, while non-current assets grew by 26.78% from P5,463.64 million as of March 31,2016 to P6,926.54 million as of May 31, 2017.

The growth in consolidated total assets is mainly from the results of operations during the current year and additional creditor financing. Asset items that shows significant increases from last year were Cash and Cash equivalents and Other Current Assets. Property and equipment likewise grew due to the fix assets of Roosevelt College, Inc. (RCI) which were consolidated to the Group. Moreover, Goodwill was recognized from the acquisition and the consolidation of RCI.

Consolidated total liabilities increased by 113.13% to P3,133.52 million as of May 31, 2017 compared to previous year's P1,470.27 million. The increase is mainly attributable to trade and other payables as of fiscal year-end and additional loans obtained during the fiscal year.

Current liabilities went upto P1,441.19 million from previous year's P747.85 million, while non-current liabilities increased to P1'692.34 million from P722.42 million last year.

As it goes with the growth in the consolidated total assets, consolidated total equity improved by 7.32%, from P8,220.78 million as of March 31, 2016 to P8,822.63 million as of May 31, 2017. The Group's consolidated equity is composed of the equity attributable to owners of the Parent Company and NCI amounting to P6,713.54 million and P2,109.09 million, respectively.

The Group's financial position remains to be stable with a current ratio and quick ratio at 3.49:1 and 3.02:1, respectively, and with a debt-to-equity ratio and equity-to-asset ratio of 36% and 74%, respectively.

For the past four years, consolidated total asset growth is at an average annual rate of 14.36% or P1,232.22million; consolidated total liabilities likewise increase at around P442.70million or 30.40% a year. For the same periods, consolidated total stockholders' equity shows an average annual increase of P789.52 million or 11.77% a year (*see Table 1*).

Table 1

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Total Assets	Increase Amount	Increase %	Consolidated Total Liabilities	Increase Amount	Increase %	Consolidated Net Assets	Increase Amount	Increase %
March 31, 2013	P 7,027.27	P -	-	P 1,362.72	P -	-	P 5,664.55	P -	-
March 31, 2014	8,053.45	1,026.18	14.60%	1,515.19	152.47	11.19%	6,538.26	873.71	15.42%
March 31, 2015	9,090.88	1,037.43	12.88%	1,572.05	56.86	3.75%	7,518.83	980.57	15.00%
March 31, 2016	9,691.05	600.17	6.60%	1,470.27	(101.78)	-6.47%	8,220.78	701.95	9.34%
May 31, 2017	11,956.15	2,265.10	23.37%	3,133.52	1,663.26	113.13%	8,822.63	601.84	7.32%
Average		P 1,232.22	14.36%		P 442.70	30.40%		P 789.52	11.77%

The Group's solvency for the past four years has always been favorable. As of May 31, 2017, the Group has a P3.82 worth of assets to cover every P1.00 worth of liability.

During the same period, the Group remained liquid. As of May 31, 2017, P3.49 worth of the current asset is available to cover every P1.00 worth of current liability*(see Table 2)*.

Table 2

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Total Current Assets	Consolidated Total Current Liabilities	Consolidated Net Current Assets
March 31, 2014	P 3,046.21	P 634.27	P 2,411.94
March 31, 2015	3,804.40	1,516.57	2,287.83
March 31, 2016	4,227.41	747.85	3,479.56
May 31, 2017	5,029.60	1,441.19	3,588.42

The stability in the Group's financial condition, both insolvency and liquidity, was largely attributed to the Group's consolidated net income each year for the past four years which was always more than enough to provide for the usual annual dividends during the same period of time.

Below is a four-year table which shows the sufficiency of the Group's net income compared to the total cash dividend declared and paid.

Table 3

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Net Income	Cash Dividends	%	Excess of Net Income Over Dividends	%
March 31, 2014	P 902.82	P 370.75	41.07%	P 532.07	58.93%
March 31, 2015	1,078.16	398.46	36.96%	679.70	63.04%
March 31, 2016	1,224.90	430.87	35.18%	794.03	64.82%
May 31, 2016	806.45	397.84	49.33%	408.62	50.67%
Four-year average			40.63%		59.37%

Around 59.37% of the Group's net income is retained in equity (*see Table 3*).As a result, the Group's consolidated stockholders equity steadily improved (*see Table 4*).

Table 4

(Amounts in Million Philippine Peso)

Fiscal Year Ending	**Consolidated Stockholders' Equity**	**Increase / (Decrease)**	**%**
March 31, 2013	P 5,664.55	P -	-
March 31, 2014	6,538.26	873.71	15.42%
March 31, 2015	7,518.83	980.57	15.00%
March 31, 2016	8,220.78	701.95	9.34%
May 31, 2017	8,822.63	601.84	7.32%

As shown in Table 5, the consolidated total stockholders' equity as of May 31, 2017accounts for 73.79% of the consolidated totalassets of the Group. Since 42.07% of the Group's consolidatedtotal assets is current, the Group is able to pay all itsliabilities and still have remaining 15.86% consolidated current assets and the whole of its consolidated non-current assets. As expressed in peso amounts, this would meanP1,896.08 million consolidated current assets and P6,926.54million consolidated non-current assets after paying all liabilities amounting to P3,133.52 million.

Table 5

(Amounts in Million Philippine Peso)

	Amount	**%**
Consolidated Total Assets	P 11,956.15	100.00%
Consolidated Current Assets	5,029.60	42.07%
Consolidated Non-current Assets	6,926.54	57.93%
Consolidated Total Liabilities	3,133.52	26.21%
Consolidated Current Assets Net of Consolidated Total Liabilities	1,896.08	15.86%
Consolidated Total Assets Net of Consolidated Total Liabilities	8,822.63	73.79%

Consolidated Results of Operations

The Group's results of operations continues to be positive as its consolidated net profit after tax remained sturdy for the last three fiscal years.

The consolidated operating income for the fiscal year ended March 31, 2015 reached P1,005.59 million, a 21.26% improvement from fiscal year 2014's P829.30 million. Other income also showed a 10.43% improvement as it reached P222.62 during the same period compared to P201.62 million for the same comparative period in 2014. With both income sources generating positive growth, net profit before tax reached P1,228.24 million, a 19.14% increase from last year's P1,030.93 million. Tax expense for the current year is at P150.08 million; while the net income after tax was at P1,078.16 million. This year's final figure shows a significant improvement in net income of 19.14% compared to last year's P902.82 million.

The trend continued as the consolidated operating income for fiscal year ended March 31, 2016 hit P1,151.01 million, a 14.46% growth from 2015's P1,005.59 million. Other income posted a 4.30% growth as it reached P232.22million this year compared to last year's P222.65 million. Accordingly, the net profit before tax for the fiscal year ended March 31, 2016 reached P1,383.24 million, surpassing 2015's P1,228.24 million by 12.62%. Tax expenseis at P158.34 million; while net income after tax reached P1,224.90 million. The consolidated net income shows a 13.61% growth compared to 2015's P1,078.16 million.

For the year ended May 31, 2017, consolidated operating income was at P767.25 million, while other income was registered at P160.48 million. The net profit before tax was down to P927.74 million from 2016's P1,383.24 million. After income tax expense of P121.28 million, net income after tax remained resilient at P806.45 million.

Fiscal year ended May 31, 2017 was marked with the implementation of the K-12 program wherein students need to undergo additional 2-year senior high school levels, resulting to very few freshmen enrollees during the School Year (S.Y.) 2016-2017. This resulted in the decline in the operating outcomes of the Group.

Table 6

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Operating Income	Periodic Increase / (Decrease)		Consolidated Other Income	Periodic Increase / (Decrease)		Consolidated Net Profit Before Tax	Periodic Increase / (Decrease)	
		Amount	%		Amount	%		Amount	%
March 31, 2013	P 905.19	P -	-	P 158.67	P -	-	P 1,063.86	P -	-
March 31, 2014	829.30	(75.89)	-8.38%	201.62	42.95	27.07%	1,030.93	(32.93)	-3.10%
March 31, 2015	1,005.59	176.29	21.26%	222.65	21.03	10.43%	1,228.24	197.31	19.14%
March 31, 2016	1,151.02	145.43	14.46%	232.22	9.57	4.30%	1,383.24	155.00	12.62%
March 31, 2016	767.25	(383.76)	-33.34%	160.48	(71.74)	-30.89%	927.74	(455.50)	-32.93%
Four-year Average	P 938.29	(P 34.48)	-1.50%	P 204.24	P 0.45	2.73%	P 1,142.54	(P 34.03)	-1.07%

Still based on the last four fiscal years, average Consolidated Net Profit Before Tax is at P1,142.54million annually. Average contribution based on the same four-year period coming from Operating Income and Other Income amounted to P938.29 million and P204.24 million, respectively (*see Table 6*).

The significant contribution of Operating Income to the Consolidated Net Profit Before Tax is due to the effective control of Costs and Operating Expenses which posted an average annual increase of 6.63%, or P117.42 million, based on the same four-year period. The average annual increase in revenue is slightly lower at 3.48%, or P82.93 million (*see Table 7*). Such trend in revenues was significantly affected by the current year decline due to the K-12 program; however, such is expected to slowly normalize as college freshmen enrollees are expected to return starting S.Y. 2018-2019. Such trend highlights the efficiency of the Groups business operations.

Table 7

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Operating Revenue	Periodic Increase / (Decrease)		Consolidated Costs and Operating Expenses	Periodic Increase / (Decrease)		Consolidated Operating Income	Periodic Increase / (Decrease)	
		Amount	%		Amount	%		Amount	%
March 31, 2013	P 2,531.09	P -	-	P 1,625.89	P -	-	P 905.20	P -	-
March 31, 2014	2,448.19	(82.90)	-3.28%	1,618.89	(7.00)	-0.43%	829.30	(75.90)	-8.38%
March 31, 2015	2,778.47	330.28	13.49%	1,772.88	153.99	9.51%	1,005.59	176.29	21.26%
March 31, 2016	3,066.34	287.87	10.36%	1,915.33	142.45	8.03%	1,151.02	145.43	14.46%
May 31, 2017	2,862.82	(203.52)	-6.64%	2,095.57	180.24	9.41%	767.25	(383.76)	-33.34%
Four-year Average	P 2,788.96	P 82.93	3.48%	P 1,850.67	P 117.42	6.63%	P 938.29	(P 34.49)	-1.50%

The Group's revenue pertains mainly to Tuition and Other School Fees which is generated from educational services, being its core operations. Presented in Table 8 is the composition of the Group's consolidated revenues.

Table 8

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Tuition and Other School Fees	%	Rental Income	%	Manageme nt Fee	%	Sale of Real Estate	%	Others	%	Total Revenue	%
March 31, 2014	2,282.17	93.22%	98.41	4.02%	55.36	2.26%	-	-	12.25	0.50%	2,448.19	100%
March 31, 2015	2,612.00	94.00%	117.94	4.25%	43.49	1.57%	-	-	5.04	0.18%	2,778.47	100%
March 31, 2016	2,918.59	95.18%	124.07	4.05%	20.45	0.67%	-	-	3.24	0.11%	3,066.34	100%
May 31, 2017	2,816.83	98.39%	43.43	1.52%	-	0.00%	-	-	2.56	0.09%	2,862.82	100%
Four-year Average	P2,657.40	95.20%	P 95.96	3.46%	P 29.82	1.12%	-	0.00%	P 5.77	0.22%	P2,788.96	100%

A Look at What Lies Ahead

Moving forward, continuous cost efficiency will have to prevail.

Group enrollment is expected to further decline in S.Y. 2017-2018 before gradually normalizing in the succeeding school years. This is due to the implementation of the Senior High School levels (Grades 11 and 12) as part of the K-12 program. As in the previous year, the operations of FEU High School, Inc. (FEU High) is anticipatedto cushion the impact of K-12

Fully aware of the importance to maintain a satisfactory level of enrollment, the Group is committed to continuing the uplifting ofthe academic standards in its different schools. This will be done through continuously updating of curricula, strengthening faculty competency, improving services to students and providing the best educational facilities. With a reasonable tuition fee hike, the Group is confident that it will maintain its market share in the industry. Further, with the constant effective and efficient management of its schools and other entities within the Group, it expects to have a reasonable growth, or at least to maintain, its consolidated net income level.

Top Five (5) Key Performance Indicators

I. Test of Liquidity

Liquidity refers to the Group'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)

As of May 31,		*As of March 31,*	
2017	2016	2015	2014
3.49 : 1	5.65 : 1	2.51 : 1	4.80 : 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)

As of May 31		*As of March 31,*	
2017	2016	2015	2014
3.02 : 1	5.37 : 1	2.36 : 1	4.45 : 1

II. Test of Solvency

Solvency refers to the Group'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)

As of May 31,		*As of March 31,*	
2017	2016	2015	2014
36%	18%	21%	23%

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

As of May 31,		*As of March 31,*	
2017	2016	2015	2014
26%	15%	17%	19%

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

As of May 31,	*As of March 31,*		
2017	2016	2015	2014
74%	85%	83%	81%

III. Test of Profitability

Profitability refers to the Group's earning capacity. It also refers to the Group'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).

As of May 31,	*As of March 31,*		
2017	2016	2015	2014
7%	13%	12%	11%

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).

As of May 31,	*As of March 31,*		
2017	2016	2015	2014
9%	15%	14%	14%

3) Earnings per share measure the net income per share.

As of May 31,	*As of March 31,*		
2017	2016	2015	2014
P 45.61	P 70.89	P 62.48	P 51.89

IV. Product Standards

- **FEU – Manila *(operated by FEU or the University)***

  1) FEU was awarded with Autonomous Status from April 1, 2016 to May 31, 2019.

  2) FEU gained the ASEAN University Network membership last August 10, 2017.

  3) The Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) has granted Certificates of Level IV Status from December 2015 to December 2020 to the following programs:

     - ***Bachelor of Arts in Mass Communications***
     - ***Bachelor of Science in Business Administration major in:***
       - *Business Economics*
       - *Financial Management*
       - *Marketing Management*
       - *Human Resource Development Management*
       - *Operations Management*
       - *Business Management*
       - *Internal Auditing*
       - *Legal Management*
     - ***Bachelor of Science in Accountancy***
     - ***Bachelor of Science in Applied Math major in IT***
     - ***Bachelor of Science in Biology***
     - ***Bachelor of Science in Psychology***
     - ***Bachelor of Elementary Education***
     - ***Bachelor of Secondary Education***

     Also, PACUCOA has granted Level IIReaccredited Status from February 2017 to February 2022 to the following programs:

     - ***Master of Arts in Psychology***
     - ***Master of Arts in Education***
     - ***Doctor of Education***

PACUCOA has granted Level I Status from September 2015 to September 2018 to the following programs:

- ***Bachelor of Arts in English Language***
- ***Bachelor of Arts in Literature***
- ***Bachelor of Arts in Political Science***
- ***Bachelor of Science in Hotel and Restaurant Management***

PACUCOA has granted Candidate Status from February 2017 to February 2022 to ***Bachelor of Science in Architecture***.

PACUCOA has granted Level I Status from November 2016 to November 2019 to the following programs:

- ***Bachelor of Science in Medical Technology***
- ***Bachelor of Science in Tourism Management***
- ***Bachelor of Arts in International Studies***
- ***Bachelor of Fine Arts***

Moreover, PACUCOA has granted Candidate Status from March 2017 to March 2019 to the following programs of FEU-Makati:

- ***Bachelor of Science in Accountancy***
- ***Bachelor of Science in Accounting Technology***
- ***Bachelor of Science in Business Administration***

The Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) granted Level II Reaccredited Status to ***Bachelor of Science in Nursing*** program until 2021.

Bachelor of Science in Business Administration was awarded ***Center of Development*** by the Commission on Higher Education.

Teacher Education Program was awarded ***Center of Excellence*** by the Commission on Higher Education.

Institute of Tourism and Hotel Management programs: ***Bachelor of Science in Hotel and Restaurant Management*** and ***Bachelor of Science in Tourism Management*** were accredited as Associate by The International Centre of Excellence in Tourism and Hospitality Education (THE-ICE).

Institute of Accounts, Business and Finance programs***:*** ***Bachelor of Science in Accountancy***, ***Bachelor of Science in Business Administration*** and ***Master in Business Administration*** were accredited as Member of The Association to Advance Collegiate Schools of Businessfrom April 2016 to June 2017.

Teaching performance is constantly being monitored to maintain a superior level of quality. Various incentives are given to faculty for teaching excellence.

Performance of FEU graduates in their respective Professional Licensure Examinations is generally better than national passing rates.

The following are the highlights of FEU's performance in the recent board examinations.

- **3rd Top Performing School in the June 2016 Nursing Licensure Examination**

- **8th Top performing School in the August 2016 Medical Technologist Licensure Examinations**

- **6th Top Performing School in the October 2016 Certified Public Accountant Licensure Examination**

- **2nd Top Performing School in the February 2017 Medical Technologist Licensure Examinations**

  Vanessa Leslie Rivera, FEU graduate, was the **1st Placer**, **with an average of 91.2%**, in the same Board Examination

- **9th Top performing School in the August 2017 Medical Technologist Licensure Examinations**

- **Other Top Performance of Individual Graduates**

  - Psychometrician Licensure Examinations

    August 2016 - 4th, 7th, 8th and 9th Place

  - Licensure Examination for Teachers

    September 2016 - 10th Place

  - CPA, October 2016 - 5th and 6th Place

  - Medical Technologist

    August 2017 - 3rd, 7th and 9th Place

  - **RonalynPordan,** a Bachelor of Arts in Communication graduate, was one of the recipients of the **2016 Top 10 Outstanding Students of the Philippines National Award**.

- **FEU Institute of Technology *(operated by EACCI)***

  FEU Tech continuous to strive to remain as among the best educational institutions providing quality education in the fields of Engineering and Information Technology.

  The PAASCU granted Level II Accredited Status to ***Information Technology*** and ***Computer Science*** programs until May 2020.

  Moreover, Level I Accredited Status was granted by PAASCU to ***Civil Engineering*** and ***Computer Engineering*** programs until April 2018.

  Graduates of FEU Tech showed impressive performances in their respective Professional Licensure Examinations as the results garnered are generally higher than national passing rates. The following are the highlights of FEU Tech's performance in the recent board examinations:

  Top Performance of Individual Graduates:

  - *Electrical Engineering, April 2017 - 2nd Place*
  - *Civil Engineering, May 2017 - 1^{h} Place*

- **FEU – Cavite *(operated by FECSI)***

  FEU-Cavite has been granted the permit to offer pre-school, grade school and high school under its Basic Education Department and various college programs under its Higher Education Department.Over the past few years, it continues to improve as among the most preferred schools in Cavite and nearby localities.

  Like any other schools of the Group, FEU-Cavite is operated and managed in line with FEU's quality standards and best practice.

- **FEU Senior High School *(operated by FEU High)***

  FEU High was established to offer pre-school, grade school and high school education programs, and various technical and vocational education and training programs.

In October 2015, FEU High has been granted by the Department of Education a Provisional Permit to Operate Academic Track, Technical-Vocational Track and Arts and Design Track for the Senior High School level as part of the K-12 program. Starting S.Y. 2016-2017, FEUHigh offered the following academic tracks:

- ***Science, Technology, Engineering and Mathematics (STEM)***
- ***Accounting, Business and Management (ABM)***
- ***Humanities and Social Sciences (HUMSS)***
- ***General Academic Strand (GAS)***

Further, in May 2016, FEU High has been authorized by the Bureau of Immigration to accept foreign students in its Senior High School programs.

- **FEU Alabang *(to be operated by FEU Alabang, Inc.)***

FEU Alabang, Inc. is established to operate as an educational institution and will start operations upon completion of its buildings and facilities and approval by the concerned government regulatory agencies of its applications for necessary permits and licenses to operate as such.

Planned course offerings and services, and management of the entity is likewise aligned in accordance with FEU quality standards and best practices.

V. Market Acceptability

- ***FEU – Manila(Main Campus)***

Despite certain economic challenges, the University's population remained steady as reflected in its substantial enrollment level at each start of academic year for the last five years

Below is the trend of the University's first semester enrollment for the pastfive years.

School Year	No. of Students	Increase / (Decrease)
2012 – 2013	29,580	-
2013 – 2014	28,970	(610)
2014 - 2015	27,956	(1,014)
2015 - 2016	26,752	(1,204)
2016 - 2017	20,705	(6,047)

Enrollments for S.Y. 2016-2017 has significantly declined due to the implementation of K-12 program.

- ***FEU Institute of Technology***

FEU Tech has solidified its stature as among the most preferred higher education institution in terms of providing quality education in the fields of Engineering and Information Technology.

Since its opening in S.Y. 2014 – 2015, student enrollment remains steady.

	Student enrollment		
	First Term	**Second Term**	**Third Term**
S.Y. 2014 - 2015	3,017	2,691	2,479
S.Y. 2015 - 2016	5,925	5,538	5,032
S.Y. 2016 - 2017	7,491	6,972	6,488

Enrollments for S.Y. 2017-2018, management is positive that FEU Tech will achieve its forecasted enrollments despite the expected consequences of K-12.

- ***FEU-Cavite***

FEU-Cavite's enrollment level for itsHigher Education Department (HED) has remained steady over the years. As expected, enrollment in HED started to drop in S.Y. 2016 – 2017 due to the first year of implementation of Grade 11 (Senior High School). This is mitigated, however by the **157** students as the first batch of FEU-Cavite's senior high school.

Meanwhile, despite a minimal drop in its enrollment,FECSI's (Basic Education Department) BED remains at competitive levels over the past few years.

Presented below is the first semester (for HED)and basic education program enrollment of FEU-Cavite from 2012 to 2016.

	HED (First Semester)		**BED**	
School Year	**Enrollment**	**Increase / (Decrease)**	**Enrollment**	**Increase / (Decrease)**
2012 – 2013	460	-	518	-
2013 – 2014	772	312	456	(62)
2014 - 2015	898	126	395	(61)
2015 - 2016	1,128	230	358	(37)
2016 - 2017	938	(190)	511	153

With overall enrollments steady at competitive levels, residents of Cavite and its nearby localities now consider FEU-Cavite as among the best choices among schools in the area that provide excellent quality college and basic education to students.

- ***FEU Senior High School***

FEU High opened its doors to students starting S.Y. 2016-2017 in line with the first year of implementation of the senior high school (Grades 11 and 12) of the K-12 program.The opening was seen with positive prospects as enrollments reached 1,956 students.

For S.Y. 2017-2018, enrollment was registered at 4,041.

FORMULA USED:

I. Liquidity

1 Current ratio $= \dfrac{\text{Current assets}}{\text{Current liabilities}}$

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

II. Solvency

1 Debt to Equity ratio $= \dfrac{\text{Total liabilities}}{\text{Total equity}}$

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

3 Equity to Asset ratio $= \dfrac{\text{Total equity}}{\text{Total assets}}$

III. Profitability

1 Return on assets $= \dfrac{\text{Net profit}}{\text{Total assets}}$

2 Return on owner's equity $= \dfrac{\text{Net profit}}{\text{Total equity}}$

3 Earnings per share $= \dfrac{\text{Net profit}}{\text{Weighted average outstanding shares}}$

FACTS (Based on Consolidated Balances):

(Amounts in Million Philippine Pesos)

	May 31,	March 31,		
	2017	2016	2015	2014
<u>**FINANCIAL POSITION**</u>				
Assets:				
Quick assets*	P 4,348.81	P 4,014.83	P 3,575.68	P 2,823.15
Current assets	5,029.60	4,227.41	3,804.40	3,046.21
Non-current asset	6,926.54	5,463.64	5,286.48	5,007.24
Total assets	11,956.15	9,691.05	9,090.88	8,053.45
Liabilities:				
Current liabilities	P 1,441.19	P 747.85	P 1,516.57	P 634.27
Non-current liabilities	1,692.34	722.42	55.48	880.92
Total liabilities	3,133.52	1,470.27	1,572.05	1,515.19
Equity:				
Total equity	P 8,822.63	P 8,220.78	P 7,518.83	P 6,538.26
• Attributable to owners of the Parent Company	6,713.54	6,569.20	5,889.36	5,158.54
• Non-controlling interest	2,109.09	1,651.58	1,629.47	1,379.72
<u>**RESULTS OF OPERATIONS**</u>				
Net Profit:				
Operating profit	P 767.26	P 1,151.02	P 1,005.59	P 829.30
Other income	160.48	232.22	222.65	201.62
Net profit before tax	927.74	1,383.24	1,228.24	1,031.93
Net profit after tax	806.45	1,224.90	1,078.16	902.82
• Attributable to owners of the Parent Company	749.52	1,166.02	1,028.97	855.02
• Non-controlling interest	56.93	58.88	49.19	47.79
Other Comprehensive Income:				
Other comprehensive income	(P 20.22)	(P 92.08)	P 94.32	(P 137.61)
Total comprehensive income	786.23	1,132.82	1,172.49	765.21

** Quick assets include Cash and Cash Equivalents, Trade and Other Receivables – net (under Current Assets), Available-for-Sale Financial Assets (under Current Assets), Held-to-Maturity Investments (under Current Assets)and Short-term Investment which is included as part of Other Current Assets – net (see* ***Note 13 of the Consolidated Financial Statements****).*

FACTS (Based on Consolidated Balances):

	(Amounts in Philippine Peso and In Absolute Value Unless Otherwise Indicated)			
	May 31,	March 31,		
	2017	2016	2015	2014
OTHERS:				
Weighted average number of shares outstanding	16,434,790	16,449,038	16,468,304	16,477,023
Earnings per share	P 45.61	P 70.89	P 62.48	P 51.89

Other Items

1. The current economic condition remains stable for both the clientele and educational institutions; however, certain economic factors are still expected to affect the sales, revenues and income from the Group's operations. Such factors include the implementation of K-12 program and the possible competition from tuition-free State Universities and Colleges.

2. There are no known events that would result in any default or acceleration of an obligation.

3. Other than those disclosed in the financial statements, there are no other known events that will trigger direct or contingent financial obligation that may be material to the Group.

4. On April 12, 2016, the FEU entered into a Share Purchase Agreement (SPA) with certain stockholders of Roosevelt College, Inc. (RCI) for FEU's initial acquisition of 80% of the total issued and outstanding shares of RCI, with the option for FEU to subsequently acquire up to 99.42% of RCI's total issued and outstanding shares.

   During the year ended May 31, 2017, the University acquired additional 52,349 shares of stock of RCI from various selling stockholders of RCI. The additional shares are equivalent to 17.71% of the total outstanding shares of RCI. As of May 31, 2017, the University already owns 97.43% of RCI's total outstanding shares.

   Other than the above transaction, there are no other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

5. The Group does not foresee any cash flow or liquidity problem in the next 12 months immediately following the report date. The Group and each of the component entities can easily meet all its commitments with its present reserves and expected earnings.

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

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

8. FEU Makati Campus, which was opened in June 2010 and strategically located inthe heart of the Makati Central Business District, continues to offer undergraduate business courses. Further, FEU Makati offers graduate programs for businessandalso houses FEU's Institute of Law.

   For the fiscal year ending May 31, 2017, FEU Makati generates total Educationaland Other Income amounting to P116.62 million. Efficient administration keep operating expenses at a manageable level of P21.87 million, which eventually yielded a net income of P94.75 million.

9. In January 2013, FEU established its new subsidiary FEU Alabang, Inc. The new subsidiary will operate as an educational institution and will serve the market within its vicinity and nearby communities.

   As of May 31, 2017, FEU Alabang, Inc. has not yet commenced its normal operations and still in its pre-operating stage; however, it already started the construction of its campus.

10. EACCI, under the trade name FEU Institute of Technology (FEU Tech), started its operations in 2015. FEU Techis now in full operations. It offers various engineering and information technology courses.

11. Seasonal aspects that have material effect on financial statements:

    For FEU-Manila and FEU-Cavite, there are three school terms within a fiscal year: Summer Term (June to July for FEU-Manila, while April to May for FEU-Cavite,), First Semester (August to December for FEU-Manila, while June to October for FEU-Cavite) and Second Semester (January to May for FEU-Manila and November to March for FEU-Cavite).

    The first semester has the highest number of students enrolled. The second semester enrollment is approximately at 90% of the first semester's enrollment, while the summer term is the lowest at an approximate of 33%. The maximum load, in terms of subject units, of a student during the summer term is only nine units compared to 21 to 24 units during the first and second semesters.

    For the FEU Institute of Technology, there are three regular terms in a fiscal year: First Term (August to November), Second Term (November to March) and Third Term (March to June).

    The tuition fee increase, if any, usually takes effect during the first semester of a particular school year. Thus, old rates are followed during the summer term while new rates are applied during the first and second semesters. Since the first quarter is from June to August, the resulting income for the first quarter is at the lowest among the four quarters of the fiscal year.

12. The K-12 program of the government is anticipated to have an adverse effect on enrollment, particularly on S.Y. 2017-2018. With the enhancement of the current 10-year basic education program, high school graduates need to undergo the senior high school program for two years starting S.Y. 2016-2017 before being able to move on to the college level. With this, it is expected that there will be no college freshmen enrollees for the S.Y. 2016-2017 and S.Y. 2017-2018.

To cushion the expected impact of K-12, FEU had organized a new subsidiary to offer and conduct enhanced basic education programs, including junior and senior high school. On June 2014, FEU High School, Inc. (FEU High) was incorporated and registered with the Philippine Securities and Exchange Commission with the primary purpose of offering pre-school, grade school and high school education programs and various technical and vocational education and training programs. FEU High started its operations beginning S.Y. 2016-2017.

With EACCI, now in full operations as an educational institution, the Group is confident of not only maintaining the quality and high standards of its service offerings, but continuing its development for further academic excellence.

13. On March 15, 2016, the University's Board of Trustees (BOT) approved the amendment of its by-laws for the change in the University's current fiscal year from a fiscal year beginning on April 1 and ending on March 31, to a fiscal year beginning on June 1 and ending on May 31. The amended by-laws was approved by the SEC on June 29, 2016. The University's application for change in fiscal year was approved by the Bureau of Internal Revenue (BIR) on June 30, 2016. Such change became effective on June 1, 2016.

14. The Group identifies its operating segments as its three major lines of business namely education, real estate and investment activities.

Also, the Group reports geographical segments in which FEU campuses are located.

(Amounts in Thousand Philippine Peso)

Operating Segments by Line of Business:

		Real Estate			
	Education	**Rental**	**Sale of Properties**	**Investment**	**Total**
Revenues	P 2,816,831	P 207,045	P -	P 180,126	P3,204,002
Costs and operating expenses	2,026,105	30,012	-	10,754	2,066,871
Operating income	P 790,726	P 177,033	P -	P 169,372	P1,137,131
Assets	P 6,813,718	P 2,092,755	P 238,162	P 4,131,904	P 13,276,539
Liabilities	3,439,476	12,071	-	51,126	3,502,673

Operating Segments by Geographical Location:

	Manila	Makati	Cavite	Quezon City, Marikina City and Rizal	Total
Revenues	P 2,828,337	P 116,616	P 92,855	P 166,194	P 3,204,002
Costs and operating expenses	1,974,084	21,872	70,915	187,332	2,066,871
Operating income	P 854,253	P 94,744	P 21,940	(P 21,138)	P 1,137,131
Assets	P 11,873,823	P 98,374	P 130,063	P 1,174,279	P 13,276,539
Liabilities	2,911,840	65,664	21,574	503,595	3,502,673

(Amounts in Thousand Philippine Peso)

Reconciliation of Segment Information to Financial Information in the Consolidated Financial Statements:

	Amounts per Segment	Reconciling Items	Amounts per Consolidated Financial Statements
Revenues	P 3,204,002	(P 341,181)	P 2,862,821
Costs and operating expenses	2,066,871	28,697	2,095,568
Operating income	P 1,137,131	(P 369,878)	P 767,253
Assets	P 13,276,539	(P 1,320,391)	P 11,956,148
Liabilities	3,502,673	(369,150)	3,133,523

E. Corporate Governance

- Discussion on Compliance with Leading Practices on Corporate Governance

  FAR EASTERN UNIVERSITY adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual and related SEC Circulars.

  The 2016 Annual Corporate Governance Report ("2016 ACGR) of Far Eastern University was submitted to the SEC and PSE on 03 May 2017 and posted in the Company's Official Website http://www.feu.edu.ph/ on the 08 May 2017. This is pursuant to SEC Memorandum Circular No. 20 Series of 2016, on the submission of the 2016 ACGR of the Company in accordance with SEC Memorandum Circular No. 5, Series of 2016 and SEC Memorandum Circular No. 12, Series of 2014.

  FAR EASTERN UNIVERSITY did not deviate from the provisions of the Amended Manual on Corporate Governance. It has adopted the leading practices and principles of corporate transparency to ensure its full compliance.

  FAR EASTERN UNIVERSITY is exerting all efforts to further strengthen compliance to principles and practices of good corporate governance. All members of the Board of Trustees (BOT), 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 SEC. They are also required to attend a follow-up seminar on Good Corporate Governance at least once a year;

  The 2017 Manual on Corporate Governance of the University was submitted to the SEC and PSE on 11 May 2017 and posted in the University's Official Website http://www.feu.edu.ph/ on 15 May 2017. This is pursuant to SEC Memorandum Circular No. 19 dated 22 November 2016, Series of 2016.

- The University's compliance with the Securities and Exchange Commission (SEC) Memorandum Circular No. 2 dated April 5, 2002, as well as all relevant circulars on Corporate Governance has been monitored;

- FAR EASTERN UNIVERSITY submitted its Revised Manual on Corporate Governance (the Manual) to the SEC on February 16, 2011, July 22, 2014 and May 11, 2017;

- FAR EASTERN UNIVERSITY, its Trustees, Officers and Employees complied with the leading practices and principles on good corporate governance as embodied in the University's Manual;

- FAR EASTERN UNIVERSITY also complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance by the Trustees and top management, in particular, and the University in general, with the Manual. The University's evaluation system was approved by the BOT at its meeting on March 16, 2004;

- In November 2011, the University participated in the Corporate Governance Survey using the Corporate Governance Scorecard prepared by the Institute of Corporate Directors. The University is also currently participating in the assessment using the ASEAN Corporate

Governance Scorecard for publicly-listed companies which is primarily facilitated by the Institute of Corporate Directors;

- Dividends are now paid within 30 days after being declared and approved;
- The University shall formalize its dividend policy;
- The University shall explain its policy on the health, safety and welfare of its employees and customers;
- The University shall explain its policy on the preservation of environment;
- The University appointed an independent party, Stock Transfer Service, Inc. (STSI) to count and/or validate the votes at the Annual Stockholders' Meeting (ASM);
- The University shall disclose the voting results at its ASM;
- The University shall disclose the minutes of the most recent ASM in its website.

INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of ***Far Eastern University, Incorporated*** (the University) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended May 31, 2017, for the period ended May 31, 2016 and for the year ended March 31, 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative to do so.

The Board of Trustees is responsible for overseeing the University's financial reporting process.

The Board of Trustees reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the University in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AURELIO R. MONTINOLA III
Chairman of the Board and
Chief Executive Officer

Michael M. Alba

MICHAEL M. ALBA
President and Chief Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this 11th day of Sept, 2017, affiants exhibiting their Tax Identification Numbers as follows:

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

NOTARY PUBLIC

ENRICO G. GILERA
Notary Public for Manila
Until December 2018
PTR No. 5989654; 01.03.2017; Manila
IBP No. 1056107; 01.04.2017; PPLM
Roll No. 35149; May 27, 1988
MCLE Compliance No. V 0021389; May 4, 2016
Unit 403 Dona Consuelo Bldg.,
929 Nicanor Reyes Street, Manila
Tel. No. 736 4975

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

T +63 2 988 2288
F +63 2 886 5506
grantthornton.com.ph

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of The Far Eastern University, Incorporated (the University), which comprise the statements of financial position as at May 31, 2017 and 2016 and March 31, 2016 and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended May 31, 2017 and March 31, 2016 and the two months ended May 31, 2016, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at May 31, 2017, May 31, 2016 and March 31, 2016, and its financial performance and its cash flows for the periods then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements in the Philippines that are relevant to our audits of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed more fully in Note 1 to the financial statements, the University changed its financial reporting period from a fiscal year beginning April 1 and ending March 31, to a fiscal year beginning June 1 and ending May 31. Accordingly, it has prepared and presented a financial statements for the two months ended May 31, 2016. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 University's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the University to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the fiscal year ended May 31, 2017 required by the Bureau of Internal Revenue as disclosed in Note 29 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Christopher M. Ferareza.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 5908616, January 3, 2017, Makati City
SEC Group A Accreditation
Partner - No. 1185-AR-1 (until May 11, 2018)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-34-2017 (until Jun. 19, 2020)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

August 15, 2017

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date SEP 13 2017 SCES
ELMER B. TANAY

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

T +63 2 988 2288
F +63 2 886 5506
grantthornton.com.ph

Report of Independent Certified Public Accountants to Accompany Income Tax Return

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

We have audited the financial statements of The Far Eastern University, Incorporated for the fiscal year ended May 31, 2017, on which we have rendered the attached report dated August 15, 2017.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the University.

PUNONGBAYAN & ARAULLO

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date SEP 13 2017 SCES
ELMER B. TANAY

By: **Christopher M. Ferareza**
Partner

CPA Reg. No. 0097462
TIN 184-595-975
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BIR AN 08-002511-34-2017 (until Jun. 19, 2020)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

August 15, 2017

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2017 AND 2016 AND MARCH 31, 2016
(Amounts in Philippine Pesos)

	Notes	May 31, 2017	May 31, 2016 (As Restated – See Note 12)	March 31, 2016
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	7	P 319,600,228	P 545,377,957	P 481,162,407
Receivables - net	8	502,832,870	343,511,638	474,705,117
Available-for-sale financial assets	10	2,139,654,834	2,156,987,745	2,151,377,898
Held-to-maturity investments	10	95,148,019	-	-
Prepayments and other current assets - net	11	60,248,385	43,990,988	23,262,038
Total Current Assets		3,117,484,336	3,089,868,328	3,130,507,460
NON-CURRENT ASSETS				
Available-for-sale financial assets	10	-	313,189,024	308,642,039
Held-to-maturity investments	10	241,418,315	-	-
Investments in subsidiaries and an associate - net	12	1,557,820,563	1,121,425,599	289,151,794
Investment properties - net	13	1,401,543,577	1,433,253,540	1,432,391,611
Property and equipment - net	14	2,043,632,959	1,857,569,127	1,857,593,600
Refundable deposits	4	4,377,630	4,377,630	4,377,630
Deferred tax assets - net	22	9,127,118	27,135,121	6,409,440
Total Non-current Assets		5,257,920,162	4,756,950,041	3,898,566,114
TOTAL ASSETS		P 8,375,404,498	P 7,846,818,369	P 7,029,073,574
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	15	P 826,718,056	P 625,520,318	P 507,728,186
Interest-bearing loan	16	262,857,143	-	-
Unearned tuition fees	17	8,811,238	50,427,021	-
Derivative liability	9	33,365,459	20,520,000	18,072,300
Income tax payable		-	28,407,531	28,407,531
Total Current Liabilities		1,131,751,896	724,874,870	554,208,017
NON-CURRENT LIABILITY				
Interest-bearing loans	16	1,617,142,857	1,480,000,000	680,000,000
Total Liabilities		2,748,894,753	2,204,874,870	1,234,208,017
EQUITY				
Capital stock	24	1,651,435,400	1,651,435,400	1,651,435,400
Treasury stock - at cost	24	(3,733,100)	(3,733,100)	(3,733,100)
Revaluation reserves	10	38,838,926	61,715,233	45,023,124
Retained earnings	24	3,939,968,519	3,932,525,966	4,102,140,133
Total Equity		5,626,509,745	5,641,943,499	5,794,865,557
TOTAL LIABILITIES AND EQUITY		P 8,375,404,498	P 7,846,818,369	P 7,029,073,574

BUREAU OF INTERNA VENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date SEP 13 2017 SCES
ELMER B. TANAY

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2017 AND MARCH 31, 2016
AND THE TWO MONTHS ENDED MAY 31, 2016
(Amounts in Philippine Pesos)

	Notes	May 31, 2017 (One Year)	May 31, 2016 (Two Months – See Note 1)	March 31, 2016 (One Year)
EDUCATIONAL REVENUES	17			
Tuition fees - net		P 1,706,281,866	P 49,199,522	P 2,222,343,462
Other school fees		32,595,687	5,969,414	52,091,221
		1,738,877,553	55,168,936	2,274,434,683
OPERATING EXPENSES	18	1,506,735,384	275,147,463	1,734,268,345
OPERATING PROFIT (LOSS)		232,142,169	(219,978,527)	540,166,338
FINANCE INCOME	19	180,106,668	29,568,666	207,091,205
OTHER INCOME	20	87,929,886	9,375,019	131,105,403
FINANCE COSTS	19	(83,955,602)	(6,043,736)	(11,255,800)
PROFIT (LOSS) BEFORE TAX		416,223,121	(187,078,578)	867,107,146
TAX INCOME (EXPENSE)	22	(46,286,062)	17,464,411	(90,280,411)
NET PROFIT (LOSS)		P 369,937,059	(P 169,614,167)	P 776,826,735
Earnings (Loss) Per Share				
Basic and Diluted	25	P 22.45	(P 10.29)	P 47.15

See Notes to Financial Statements.

BUREAU OF INTERNA VENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date SEP 13 2017 SCES
ELMER B. TANAY

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2017 AND MARCH 31, 2016
AND THE TWO MONTHS ENDED MAY 31, 2016
(Amounts in Philippine Pesos)

	Note	May 31, 2017 (One Year)	May 31, 2016 (Two Months – See Note 1)	March 31, 2016 (One Year)
NET PROFIT (LOSS)		P 369,937,059	(P 169,614,167)	P 776,826,735
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Fair value gains (losses) on available-for-sale financial assets - net of tax	10			
Fair value gains (losses) during the year		13,883,687	19,945,262	(37,513,432)
Fair value gains reclassified to profit or loss		(36,759,994)	(3,253,153)	(53,689,984)
		(22,876,307)	16,692,109	(91,203,416)
TOTAL COMPREHENSIVE INCOME (LOSS)		P 347,060,752	(P 152,922,058)	P 685,623,319

See Notes to Financial Statements.

BUREAU OF INTERNA VENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date SEP 13 2017 SCES
ELMER B. TANAY

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2017 AND MARCH 31, 2016 AND THE TWO MONTHS ENDED MAY 31, 2016
(Amounts in Philippine Pesos)

	Capital Stock (See Note 24)	Treasury Stock - at Cost	Revaluation Reserves (See Note 10)	Retained Earnings (See Note 24) Appropriated	Unappropriated	Total	Total Equity
Balance at June 1, 2016	P 1,651,435,400	(P 3,733,100)	P 61,715,233	P 2,573,733,100	P 1,358,792,866	P 3,932,525,966	P 5,641,943,499
Transaction with owners –							
Cash dividends	-	-	-	-	(362,494,506)	(362,494,506)	(362,494,506)
Total comprehensive income							
Net income for the year	-	-	-	-	369,937,059	369,937,059	369,937,059
Other comprehensive loss - net	-	-	(22,876,307)	-	-	-	(22,876,307)
	-	-	(22,876,307)	-	369,937,059	369,937,059	347,060,752
Balance at May 31, 2017	**P 1,651,435,400**	**(P 3,733,100)**	**P 38,838,926**	**P 2,573,733,100**	**P 1,366,235,419**	**P 3,939,968,519**	**P 5,626,509,745**
Balance at April 1, 2016	P 1,651,435,400	(P 3,733,100)	P 45,023,124	2,573,733,100	P 1,528,407,033	P 4,102,140,133	P 5,794,865,557
Total comprehensive income							
Net loss for the period	-	-	-	-	(169,614,167)	(169,614,167)	(169,614,167)
Other comprehensive income - net	-	-	16,692,109	-	-	-	16,692,109
	-	-	16,692,109	-	(169,614,167)	(169,614,167)	(152,922,058)
Balance at May 31, 2016	P 1,651,435,400	(P 3,733,100)	P 61,715,233	P 2,573,733,100	P 1,358,792,866	P 3,932,525,966	P 5,641,943,499

	Capital Stock (See Note 24)	Treasury Stock - at Cost	Revaluation Reserves (See Note 10)	Retained Earnings (See Note 24)			Total Equity
				Appropriated	Unappropriated	Total	
Balance at April 1, 2015	P 1,651,435,400	(P 3,733,100)	P 136,226,540	P 2,034,503,100	P 1,686,258,850	P 3,720,761,950	P 5,504,690,790
Transaction with owners –							
Cash dividends	-	-	-	-	(395,448,552)	(395,448,552)	(395,448,552)
Appropriations of retained earnings							
Appropriations for the year	-	-	-	707,500,000	(707,500,000)	-	-
Reversal of appropriations during the year	-	-	-	(168,270,000)	168,270,000	-	-
	-	-	-	539,230,000	(539,230,000)	-	-
Total comprehensive income							
Net profit for the year	-	-	-	-	776,826,735	776,826,735	776,826,735
Other comprehensive loss - net	-	-	(91,203,416)	-	-	-	(91,203,416)
	-	-	(91,203,416)	-	776,826,735	776,826,735	685,623,319
Balance at March 31, 2016	P 1,651,435,400	(P 3,733,100)	P 45,023,124	P 2,573,733,100	P 1,528,407,033	P 4,102,140,133	P 5,794,865,557

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2017 AND MARCH 31, 2016
AND THE TWO MONTHS ENDED MAY 31, 2016
(Amounts in Philippine Pesos)

	Notes	May 31, 2017 (One Year)	May 31, 2016 (Two Months – See Note 1) (As Restated – See Note 2)	March 31, 2016 (One Year)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		P 416,223,121	(P 187,078,578)	P 867,107,146
Adjustments for:				
Depreciation and amortization	18	202,634,557	32,793,525	193,635,183
Interest income	19	(82,960,299)	(12,627,480)	(97,223,504)
Interest expense	19	42,857,486	2,504,036	-
Other investment income from available-for-sale (AFS) financial assets	19	(35,272,845)	(8,010,040)	(25,840,830)
Dividend income	19	(32,512,865)	-	(56,994,739)
Foreign exchange gain - net	19	(29,360,659)	(8,931,146)	(27,032,132)
Impairment losses on receivables from students	18	27,256,489	-	40,535,110
Loss on write-off of interest receivable	19	24,479,730	-	-
Fair value loss on financial asset at fair value through profit or loss	19	16,618,386	3,539,700	11,255,800
Operating profit (loss) before working capital changes		549,963,101	(177,809,983)	905,442,034
Decrease (increase) in receivables		(166,848,192)	131,193,479	(152,353,724)
Decrease (increase) in prepayments and other current assets		(30,679,126)	(13,524,403)	14,509,527
Increase (decrease) in trade and other payables		171,869,331	(55,842,588)	(96,142,039)
Increase (decrease) in unearned tuition fees		(41,615,783)	50,427,021	-
Cash generated from (used in) operations		482,689,331	(65,556,474)	671,455,798
Interest received		4,621,838	1,846,217	3,730,449
Income taxes paid		(42,263,860)	(3,261,270)	(67,622,964)
Net Cash From (Used in) Operating Activities		445,047,309	(66,971,527)	607,563,283
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional investments in subsidiaries	12	(436,394,964)	(662,212,668)	(7,000,000)
Acquisitions of property and equipment	14	(367,286,136)	(29,205,664)	(287,563,402)
Interest received	10	117,936,356	18,644,881	148,623,413
Net acquisitions (disposals) of AFS financial assets	10	(28,202,111)	6,535,277	(83,363,576)
Proceeds from matured held-to-maturity (HTM) investments		26,612,340	-	-
Acquisition of HTM investments	10	(15,000,000)	-	-
Dividend received	23	6,672,998	-	56,994,739
Additions to investment properties	13	(582,198)	(478,000)	(5,177,720)
Net Cash Used in Investing Activities		(696,243,715)	(666,716,174)	(177,486,546)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loan	16	400,000,000	800,000,000	680,000,000
Dividends paid	24	(340,632,724)	(1,627,770)	(357,090,141)
Interest paid	16, 19	(35,390,861)	(1,250,000)	(19,589,796)
Repayment of interest-bearing loan	16	-	-	(676,923,077)
Net Cash From (Used in) Financing Activities		23,976,415	797,122,230	(373,603,014)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		1,442,262	781,021	978,010
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(225,777,729)	64,215,550	57,451,733
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		545,377,957	481,162,407	423,710,674
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 319,600,228	P 545,377,957	P 481,162,407

Supplemental Information on Non-cash Investing and Financing Activities:

1) During the periods ended May 31, 2017 and 2016, the University acquired 17.73% and 79.72% interest in Roosevelt College, Inc. (RCI) for a total consideration of P180.1 million and P808.3 million, of which P36.2 million and P146.1 million, respectively, is retained by the University (see Notes 12 and 15).

2) During the two months ended May 31, 2016, the University capitalized certain cost incidental to its acquisition of interest in RCI amounting to P24.0 million, which remained unpaid as of May 31, 2016, hence, is recorded as part of Trade and Other Payables account (see Note 15).

3) During the year ended May 31, 2017, the University reclassified investments from Available-for-sale Financial Assets amounting to P335.8 million to Held-to-maturity Investments (see Note 10).

4) During the year ended May 31, 2017, the University reclassified P10.9 million from Investment Properties account to the Receivables account (see Notes 8, 13 and 23).

5) During the periods ended May 31, 2016 and March 31, 2016, the University capitalized borrowing costs amounting to P4.0 million and P19.6 million, respectively, as part of Investment Properties (see Notes 13 and 16).

6) During the years ended May 31, 2017 and March 31, 2016, the University declared cash dividends totaling P362.5 million and P395.4 million, respectively, of which P21.9 million and P11.9 million, respectively, were not paid in the year of declaration.

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016 AND MARCH 31, 2016
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Corporate Information

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

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

Several programs of FEU, such as Liberal Arts, Applied Mathematics, Biology, Accountancy, Business Administration and Education, are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation.

The University also has a campus in Makati which offers Law, Accountancy, Business and Information Technology education.

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

1.2 Change in Fiscal Year

On March 15, 2016, the University's Board of Trustees (BOT) approved the amendment of its by-laws for the change in the University's current fiscal year from a fiscal year beginning on April 1 and ending on March 31, to a fiscal year beginning on June 1 and ending on May 31. The amended by-laws were approved by the SEC on June 29, 2016. The University's application for change in fiscal year was approved by the Bureau of Internal Revenue (BIR) on June 30, 2016. Such change is effective on June 1, 2016.

1.3 Approval of the Financial Statements

The financial statements of the University as of and for the year ended May 31, 2017 (including the comparative financial statements as of and for the two months ended May 31, 2016 and the year ended March 31, 2016) were authorized for issue by the BOT on August 15, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The University presents the statement of comprehensive income separate from the statement of profit or loss.

The University presents two comparative periods for the statement of financial position regardless whether the University has or does not have retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

In fiscal year 2017, the University restated its financial statements for the two months ended May 31, 2016 (see Note 12.5).

(c) Functional and Presentation Currency

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

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

2.2 Adoption of Amended PFRS

(a) Effective in Fiscal Year 2017 that are Relevant to the University

In 2017, the University adopted the following amendments and annual improvements to PFRS that are relevant to the University and effective for the annual periods beginning on or after January 1, 2016 but had no significant effect on the financial statements:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Disclosure Initiative
PAS 16 and 38 (Amendments)	:	Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
PAS 27 (Amendments)	:	Separate Financial Statements – Equity Method in Separate Financial Statements
PFRS 10, PFRS 12 and PAS 28 (Amendments)	:	Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception
Annual Improvements	:	Annual Improvements to PFRS (2012-2014 Cycle)

Discussed as follows are relevant information about these amendment and improvements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure Initiative*. The amendments encourage entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, they clarify that the materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendments clarify that an entity's share in other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. They further clarify that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(ii) PAS 16 (Amendments), *Property, Plant and Equipment*, and PAS 38 (Amendments), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization*. The amendments in PAS 16 clarify that a depreciation method that is based on revenue generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendments to PAS 38 introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendments also provide guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iii) PAS 27 (Amendments), *Separate Financial Statements – Equity Method in Separate Financial Statements*. These amendments introduce a third option which permits an entity to account for its investments in subsidiaries, joint ventures and associates under the equity method in its separate financial statements in addition to the current options of accounting those investments at cost or in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*. Management, however, still opted to account for its investments in subsidiaries and an associate at cost.

(iv) PFRS 10 (Amendments), *Consolidated Financial Statements*, PFRS 12 (Amendments), *Disclosure of Interests in Other Entities*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception*. These amendments address the concerns that have arisen in the context of applying the consolidation exception for investment entities. They clarify which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarify whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. These amendments also permit a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries. In addition, PFRS 12 has been amended to clarify that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by PFRS 12.

(v) Annual Improvements to PFRS (2012-2014 Cycle). Among the improvements, the following amendment is relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify the existing requirements:

- PAS 19 (Amendments), *Employee Benefits – Discount Rate: Regional Market Issue*. The amendments clarify that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

- PFRS 7 (Amendments), *Financial Instruments – Disclosures*. The amendments provide additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

(b) Effective in Fiscal Year 2017 that are not Relevant to the University

The following annual improvements to PFRS are mandatory for accounting periods beginning on or after January 1, 2016 but are not relevant to the University's financial statements:

PAS 16 and 41 (Amendments)	:	Property, Plant and Equipment, and Agriculture – Bearer Plants
PFRS 11 (Amendments)	:	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
PFRS 14	:	Regulatory Deferral Accounts
Annual Improvements to PFRS (2012-2014 Cycle)		
PAS 34 (Amendments)	:	Interim Financial Reporting – Disclosure of Information "Elsewhere in the Interim Financial Report"
PFRS 5 (Amendments)	:	Non-current Assets Held for Sale and Discontinued Operations – Changes in Method of Disposal
PFRS 7 (Amendments)	:	Financial Instruments: Disclosures – Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements

(c) Effective Subsequent to Fiscal Year 2017 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2017, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the University's financial statements:

(i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). It requires an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, the amendments suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

(ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses* (effective from January 1, 2017). The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference.

(iii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the University and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(iv) PFRS 15, *Revenues from Contracts with Customers* (effective from January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management is currently assessing the impact of this standard on the University's financial statements.

(v) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right of use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management is currently assessing the impact of this new standard in its financial statements.

(vi) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

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 also prepares consolidated financial statements as required under PFRS and is available for public use.

Subsidiaries are entities over which the University has control. The University controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and, (iii) it has the ability to affect those returns through its power over the entity.

The University reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

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

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

2.4 Financial Assets

Financial assets are recognized when the University becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32: *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss. A more detailed description of categories of financial assets that are relevant to the University follows:

(i) Financial Assets at FVTPL

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

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

The University enters into a cross-currency swap agreement to manage its risks associated with fluctuations in foreign currency denominated investments in corporate bonds. The host instruments were classified as AFS financial assets for the periods ended May 31, 2016 and March 31, 2016, which were subsequently reclassified to HTM investments during the year ended May 31, 2017 (see Note 10.2). Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is favorable to the University and as liabilities when the fair value is favorable to the counterparty (see Note 2.8). Thus, if derivative asset is recognized, it is presented as Financial Asset at FVTPL; otherwise, it is presented as Derivative Liability in the statement of financial position.

The University's derivative instruments provide economic hedges under the University's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken up directly in profit or loss for the period [see Note 3.2(b)].

(ii) 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 those with maturities greater than 12 months after the end of each reporting period, which are classified as non-current assets.

The University's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Receivables (excluding advances to employees), as part of Other Current Assets, with respect to short-term investments, and Refundable Deposits in the statement of financial position. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(iii) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the University has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. If the University were to sell other than an insignificant amount of HTM investments, the whole category would be tainted and reclassified to AFS financial assets. The University currently holds corporate bonds designated into this category.

Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method, less impairment losses, if any.

(iv) AFS Financial Assets

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

All financial assets within this category are subsequently measured at fair value, except for equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost, less impairment loss, if any. Gains and losses from changes in fair value of AFS financial assets are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity. Interest and dividend income, impairment losses and foreign exchange differences on monetary assets are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

(b) Impairment of Financial Assets

The University assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The University recognizes impairment loss based on the category of financial assets as follows:

(i) Carried at Amortized Cost – Loans and Receivables and HTM Investments

If there is objective evidence that an impairment loss on loans and receivables or HTM investments carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(ii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from Revaluation Reserves to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(c) Items of Income and Expense Related to Financial Assets

All income and expenses, except those arising from operating activities, relating to financial assets that are recognized in profit or loss, are presented as part of Finance Income or Finance Costs in the statement of profit or loss.

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.

(d) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the University neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the University recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the University retains substantially all the risks and rewards of ownership of a transferred financial asset, the University continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Prepayments and Other Assets

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

Where future economic benefits are expected to flow to the University beyond one year after the end of the reporting period, these other assets are classified under the non-current category.

2.6 Property and Equipment

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

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

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

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

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

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

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

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

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

2.7 Investment Properties

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

Investment properties include construction in progress which represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.16) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

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

For the transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the University accounts for such property in accordance with the policy stated under Property and Equipment up to the date of change in use (see Note 2.6).

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

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

2.8 Financial Liabilities

Financial liabilities, which include interest-bearing loans, trade and other payables [except tax-related liabilities and National Service Training Program (NSTP) trust fund] and derivative liability, are recognized when the University becomes a party to the contractual terms of the instrument.

Trade and other payables account include Deposits payable which represents funds collected from students or entities and are held by the University. The University has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit. This account also includes Trust funds which represent restricted funds of the University that are intended for student's NSTP and other specific educational purposes [see Note 2.11(a)]. The University administers the use of these funds based on the specific purpose such funds are identified with.

Interest-bearing loans are availed for capital expenditures and to provide general corporate funding requirements.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, except derivative liability which are consistently measured at fair value, using the effective interest method for those with maturities beyond one year, less settlement payments.

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

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period, or the University does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.9 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.10 Provisions and Contingencies

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

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

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

2.11 Revenue and Expense Recognition

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

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

(a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and are presented as Unearned Tuition Fees account in the statement of financial position. Revenues from NSTP trust funds (see Note 2.8) are recognized upon fulfillment of conditions attached to the fund and/or extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as trust funds (liability) recorded as part of the Trade and Other Payables account in the statement of financial position.

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

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

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

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

(f) *Dividends* – Revenue is recognized when the University's right to receive payment is established.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset, on an accrual basis (see Note 2.16).

2.12 Leases

The University accounts for its leases as follows:

(a) *University as Lessee*

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

(b) *University as Lessor*

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

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

2.13 Foreign Currency Transactions and Translation

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

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

Changes in the fair value of monetary financial assets denominated in foreign currency classified as AFS financial assets are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

2.14 Impairment of Non-financial Assets

The University's investments in subsidiaries and an associate, property and equipment, investment properties and other non-financial assets 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's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flows. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the University's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. 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. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.15 Employee Benefits

The University provides post-employment benefits to employees through a defined contribution plan subject to compliance to a minimum guarantee required by Republic Act (RA) 7641, *The Retirement Pay Law*, which is accounted for as a defined benefit plan, and various compensations mandated by law. Such application of the minimum guarantee prescribed by RA 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of RA 7641*.

(a) Post-employment Benefits

The University maintains a defined contribution plan that covers all regular full-time employees. Under its plan, the University pays fixed contributions based on the employees' monthly salaries. The University, however, is covered by RA 7641, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the University recognizes its post-employment benefit obligation based on the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The University determines the net interest expense (income) on the defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The University recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

(b) Termination Benefits

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

(c) Bonuses

The University recognizes a liability and an expense for bonuses. The University recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(d) Compensated Absences

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

2.16 Borrowing Costs

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

2.17 Income Taxes

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

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

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

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

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

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the University expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

2.18 Related Party Relationships and Transactions

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

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

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

2.19 Equity

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

Treasury stocks are stated at the cost of reacquiring such shares and are deducted from equity attributable to the University's equity holders until the shares are cancelled, reissued or disposed of.

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

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

2.20 Earnings (Loss) Per Share

Basic earnings (loss) per share is determined by dividing net profit (loss) 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 (loss) per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. The University does not have dilutive potential shares outstanding that would require disclosure of diluted earnings per share in the statement of profit or loss.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the University's chief operating decision-maker. However, in the University's separate financial statements, there are no operating segments that are organized and managed separately according to the nature of the services provided.

2.22 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Classification of Financial Assets as HTM Investments

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

(b) Impairment of AFS Financial Assets

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

Based on the recent evaluation of information and circumstances affecting the University's AFS Financial Assets, management concluded that the assets are not impaired as at May 31, 2017 and 2016 and March 31, 2016. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(c) Amortization of Leasehold Improvements

The University's leasehold improvements are amortized over 20 years, which is the estimated useful life of the asset (see Notes 2.6 and 14) regardless of the term of the lease contracts which is usually shorter than the expected useful life of the improvements because it is highly probable that the lease contract will be renewed before the end of such contract. A decision by management not to renew its lease agreement will result in a significant impact on its profit or loss in the period such decision is made.

(d) Distinction between Investment Properties and Owner-managed Properties

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

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

(e) Distinction between Operating and Finance Lease

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

(f) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Note 2.10 and relevant disclosures are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

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

(a) *Estimating Impairment of Receivables*

The University maintains an allowance for impairment loss on receivables at a level considered adequate to cover probable uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, history of the payment behavior of students and related parties, age of receivables and other external factors affecting the education industry. The University constantly reviews the age and status of receivables and identifies accounts that should be provided with allowance. The carrying value of receivables and the analysis of allowance for impairment on such financial assets are shown in Note 8.

(b) *Determining Fair Value Measurement of Financial Assets other than Loans and Receivables*

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

The carrying values of the University's AFS Financial Assets and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 10. On the other hand, the carrying values of the cross-currency swap are disclosed in Note 9 while fair value gains or losses on cross-currency swap agreements are presented as Fair value gain or loss on financial asset at FVTPL under Finance Income or Finance Costs in the statement of profit or loss [see Note 2.4(a)].

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

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

The carrying amounts of investment properties and property and equipment are presented in Notes 13 and 14, respectively. Based on management's assessment as at May 31, 2017 and 2016 and March 31, 2016, there is no change in the estimated useful lives of the assets during those periods. Actual results, however, may vary due to changes in factors mentioned above.

(d) Determining Fair Value of Investment Properties

Investment property is measured using the cost model. The fair value, as disclosed in Note 6.4, is determined by the University using the discounted cash flows valuation technique when information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property is not readily available. Otherwise, the disclosures on fair values of investment properties are based on appraisal reports prepared by a third party appraiser. The University uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

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

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

(e) Estimating Impairment of Non-financial Assets

The University's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.14. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. Based on management assessment, no impairment loss is required to be recognized on the investment properties, property and equipment, and investments in subsidiaries and an associate as of May 31, 2017 and 2016 and March 31, 2016.

(f) Determining Recoverable Amount of Deferred Tax Assets

The University reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at May 31, 2017 and 2016 and March 31, 2016 are fully recoverable because those will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 22.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

4.1 Market Risk

(a) Foreign Currency Risk

Most of the University's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange risk arise from certain cash and cash equivalents and AFS financial assets, which are primarily denominated in US dollars.

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

Financial assets denominated in US dollar, translated into Philippine pesos at the closing rate, are as follow:

	May 31, 2017	May 31, 2016	March 31, 2016
Short-term exposure – Financial assets	**P 132,250,323**	P 251,701,477	P 241,784,235
Long-term exposure – Financial assets	**P 444,175,297**	P 305,342,055	P 327,849,712

The following table illustrates the sensitivity of the University's profit or loss before tax with respect to changes in Philippine peso against US dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous periods (for the years ended May 31, 2017 and March 31, 2016 and the two months ended May 31, 2016) at a 68% confidence level.

	May 31, 2017 (One Year)			May 31, 2016 (Two Months)			March 31, 2016 (One Year)		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in loss before tax	Effect in equity	Reasonably possible change in rate	Effect in profit before tax	Effect in equity
PhP - USD	**26.27%**	**(P 151,427,010)**	**(P 136,284,309)**	1.91%	P 10,639,531	P 9,575,578	3.82%	(P 21,760,017)	(P 19,584,015)

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

(b) *Interest Rate Risk*

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

	Notes	**May 31, 2017**	May 31, 2016	March 31, 2016
Cash and cash equivalents	7	**P 319,600,228**	P 545,377,957	P 481,162,407
AFS financial assets	10.1	**1,015,595,234**	1,298,780,386	1,282,692,737
Short-term investments	11	**1,240,957**	14,726,586	3,003,842
Interest-bearing loans	16	**(1,880,000,000)**	(1,480,000,000)	(680,000,000)
		(P 543,563,581)	P 378,884,929	P 1,086,858,986

The following table illustrates the sensitivity of profit or loss 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 two previous 12 months ended May 31, 2017 and March 31, 2016 and the two months ended May 31, 2016, estimated at 68% level of confidence. The sensitivity analysis is based on the University's financial instruments held at May 31, 2017 and 2016 and March 31, 2016.

	May 31, 2017 (One Year)		May 31, 2016 (Two Months)		March 31, 2016 (One Year)	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on loss before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	**+/-0.12%**	**P 383,520**	+/-0.01%	(P 54,538)	+/-0.12%	P 577,935
AFS financial assets	**+/-0.45%**	**4,570,179**	+/-0.03%	(389,634)	+/-0.34%	4,361,155
Short-term investments	**+/-0.45%**	**5,584**	+/-0.03%	(4,418)	+/-0.34%	10,213
Interest-bearing loans	**+/-0.58%**	**(10,904,000)**	+/-0.27%	3,996,000	+/-0.53%	(3,604,000)
		(P 5,944,717)		P 3,547,410		P 1,344,763

(c) *Other Price Risk*

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

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

For equity securities listed in the Philippines, an average volatility of 12.71%, 5.61% and 15.53% have been observed for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively. If quoted price for these securities increased or decreased by that percentage, other comprehensive income (loss) would have changed by P103.0 million, P41.7 million and P104.1 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively.

No sensitivity analysis was provided for government and corporate bonds, and investments in Unit Investment Trust Fund (UITF) classified as AFS financial assets as management deemed that the risk at the end of the period is not representative of a risk inherent in financial instruments.

The investments are considered medium to long-term strategic investments. In accordance with the University's policies, no specific hedging activities are undertaken in relation to these investments, except as discussed in Notes 9 and 10 in connection with its investment in certain foreign currency denominated corporate debt instruments which are subject to a cross-currency swap agreement. The investments are continuously monitored to ensure that returns of these equity instruments are timely utilized or reinvested in the University's favor.

4.2 Credit Risk

Credit risk represents the loss the University would incur if the counterparty fails to perform its contractual obligations. The credit risk for cash and cash equivalents and AFS financial assets is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements. These are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.
The University's exposure to credit risk on its receivables related primarily to the inability of the debtors to pay and students to fully settle the unpaid balance of tuition fees and other charges which are owed to the University based on installment payment schemes. The University has established controls and procedures to minimize risks of non-collection. Students are not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid. The University also withholds the academic records and clearance of the students with unpaid balances, thus ensuring that collectability is reasonably assured. The University's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

The University has no significant exposure to any individual customer or counterparty nor it has any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties. Also, none of the University's financial assets are secured by collateral or other credit enhancements; except for cash and cash equivalents as described above.

With respect to credit risk arising from cash and cash equivalents, receivables and AFS financial assets, the University's maximum exposure is equal to the carrying amount of these instruments. The risk is minimal as these financial assets and investments are with reputable financial institutions and or with related parties.

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

	Notes	**May 31, 2017**	May 31, 2016	March 31, 2016
Cash and cash equivalents	7	**P 319,600,228**	P 545,377,957	P 481,162,407
Receivables – net	8	**496,729,580**	338,405,315	469,734,590
AFS financial assets (debt securities)	10	**1,015,595,234**	1,298,780,386	1,282,692,737
HTM investments	10	**336,566,334**	-	-
Short-term investments	11	**1,240,957**	14,726,586	3,003,842
Refundable deposits		**4,377,630**	4,377,630	4,377,630
		P 2,174,109,963	P 2,201,667,874	P 2,240,971,206

The following tables show the credit quality of the University's financial assets as of May 31, 2017 and 2016 and March 31, 2016 having past due components:

	Notes	Neither past due nor impaired	Past due and impaired	Total
May 31, 2017				
Cash and cash equivalents	7	P 319,600,228	P -	P 319,600,228
Receivables	8	464,110,101	32,619,479	496,729,580
AFS financial assets (debt securities)	10	1,015,595,234	-	1,015,595,234
HTM investments	10	336,566,334	-	336,566,334
Short-term investments	11	1,240,957	-	1,240,957
Refundable deposits		4,377,630	-	4,377,630
		P 2,141,490,484	**P 32,619,479**	**P 2,174,109,963**
May 31, 2016				
Cash and cash equivalents	7	P 545,377,957	P -	P 545,377,957
Receivables	8	298,123,139	40,282,176	338,405,315
AFS financial assets (debt securities)	10	1,298,780,386	-	1,298,780,386
Short-term investments	11	14,726,586	-	14,726,586
Refundable deposits		4,377,630	-	4,377,630
		P 2,161,385,698	P 40,282,176	P 2,201,667,874
March 31, 2016				
Cash and cash equivalents	7	P 481,162,407	P -	P 481,162,407
Receivables	8	429,452,414	40,282,176	469,734,590
AFS financial assets (debt securities)	10	1,282,692,737	-	1,282,692,737
Short-term investments	11	3,003,842	-	3,003,842
Refundable deposits		4,377,630	-	4,377,630
		P 2,200,689,030	P 40,282,176	P 2,240,971,206

The University has no past due but unimpaired financial assets at end of each year.

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

The University's management considers that all the above financial assets are not impaired, except those specifically provided with allowance for impairment at the end of the reporting period, and of good credit quality. Cash and cash equivalents, financial assets at FVTPL, AFS financial assets, HTM investments and short-term investments are coursed through reputable financial institutions duly approved by the BOT.

4.3 Liquidity Risk

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

As at May 31, 2017 and 2016 and March 31, 2016, the University's financial liabilities have contractual maturities which are presented below.

	Current		Non-current
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**
May 31, 2017			
Trade and other payables	P 778,421,330	P -	P -
Interest-bearing loans	114,142,043	210,120,027	1,792,541,499
Derivative liability	33,365,459	-	-
	P 925,928,832	**P 210,120,027**	**P 1,792,541,499**
May 31, 2016			
Trade and other payables	P 586,794,601	P -	P -
Interest-bearing loans	19,553,973	12,473,015	1,556,549,902
Derivative liability	20,520,000	-	-
	P 626,868,574	P 12,473,015	P 1,556,549,902
March 31, 2016			
Trade and other payables	P 460,288,053	P -	P -
Interest-bearing loans	9,332,581	10,015,003	763,420,151
Derivative liability	18,072,300	-	-
	P 487,692,934	P 10,015,003	P 763,420,151

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

5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair value of financial assets and financial liabilities measured at fair value and an investment carried at amortized cost but whose fair value is required to be disclosed are shown below.

	Notes	May 31, 2017 Carrying Values	May 31, 2017 Fair Values	May 31, 2016 Carrying Values	May 31, 2016 Fair Values	March 31, 2016 Carrying Values	March 31, 2016 Fair Values
Financial Assets:							
AFS financial assets:	10						
Debt securities		**P 1,015,595,234**	**P 1,015,595,234**	P 1,298,780,386	P 1,298,780,386	P 1,282,692,737	P 1,282,692,737
Equity securities		**1,124,059,600**	**1,124,059,600**	1,171,396,383	1,171,396,383	1,177,327,200	1,177,327,200
		2,139,654,834	**2,139,654,834**	2,470,176,769	2,470,176,769	2,460,019,937	2,460,019,937
HTM investments – Debt securities	10	**336,566,334**	**343,972,540**	-	-	-	-
		P 2,476,221,168	**P 2,483,627,374**	P 2,470,176,769	P 2,470,176,769	P 2,460,019,937	P 2,460,019,937
Financial Liabilities							
Derivative liability – Cross-currency swaps	9	**P 33,365,459**	**P 33,365,459**	P 20,520,000	P 20,520,000	P 18,072,300	P 18,072,300

Except for the financial assets and financial liabilities presented above, the University has no financial assets and/or financial liabilities that are not carried at fair value but are required to be disclosed at fair value as of May 31, 2017 and 2016 and March 31, 2016 (see Note 6.3). Management determined that the carrying amounts of the other financial instruments that are carried at amortized costs are equal to or approximate their fair values; hence, no further comparison between the carrying amounts and fair values is presented.

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

5.2 Offsetting of Financial Assets and Financial Liabilities

The amounts of University's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Other Current Assets account in the statements of financial position (see Notes 7 and 11) which are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2017 and 2016 and March 31, 2016 are as follows:

	Gross amounts recognized in the statements of financial position: Financial assets	Gross amounts recognized in the statements of financial position: Financial liabilities set-off	Net amount presented in the statements of financial position	Related amounts that can potentially be set-off in the statements of financial position: Financial instruments	Related amounts that can potentially be set-off in the statements of financial position: Cash collateral received	Net amount
May 31, 2017	**P 15,288,499**	**P -**	**P 15,288,499**	**(P1,880,000,000)**	**P -**	**(P 1,864,711,501)**
May 31, 2016	P 64,715,055	P -	P 64,715,055	(P 1,480,000,000)	P -	(P 1,415,284,945)
March 31, 2016	P 14,768,628	P -	P 14,768,628	(P 680,000,000)	P -	(P 665,231,372)

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the University and counterparties (i.e., depository bank) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis.

All other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (i.e., related parties) will have the option to settle all such amounts on a net basis through the approval by both parties' BOT or Board of Directors (BOD). As such, the University's outstanding receivables from and payables to the same related parties can potentially be offset to the extent of their corresponding outstanding balances.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The levels of the fair value hierarchy are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurable date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the University uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.2 Financial Instruments Measurement at Fair Value

The following tables show the fair value hierarchy of the University's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of:

	Level 1	Level 2	Level 3	Total
May 31, 2017				
AFS financial assets:				
Debt securities:				
Government	P 413,651,744	P -	P -	P 413,651,744
Corporate	601,943,490	-	-	601,943,490
Equity securities	810,337,410	313,722,190	-	1,124,059,600
	P 1,825,932,644	**P 313,722,190**	**P -**	**P 2,139,654,834**
Derivative liability – Cross-currency swaps	**P -**	**(P 33,365,459)**	**P -**	**(P 33,365,459)**
May 31, 2016				
AFS financial assets:				
Debt securities:				
Government	P 411,845,035	P -	P -	P 411,845,035
Corporate	886,935,351	-	-	886,935,351
Equity securities	743,334,780	428,061,603	-	1,171,396,383
	P 2,042,115,166	P 428,061,603	P -	P 2,470,176,769
Derivative liability – Cross-currency swaps	P -	(P 20,520,000)	P -	(P 20,520,000)
March 31, 2016				
AFS financial assets:				
Debt securities:				
Government	P 372,420,314	P -	P -	P 372,420,314
Corporate	910,272,423	-	-	910,272,423
Equity securities	670,616,398	506,710,802	-	1,177,327,200
	P 1,953,309,135	P 506,710,802	P -	P 2,460,019,937
Derivative liability – Cross-currency swaps	P -	(P 18,072,300)	P -	(P 18,072,300)

There were neither transfers between levels nor changes in levels of classification of instruments in all years presented.

Following are the information about how the fair values of the University's classes of financial assets and financial liabilities are determined:

a) Equity securities

As of May 31, 2017 and 2016 and March 31, 2016, instruments included in Level 1 comprise of corporate shares which are classified as AFS financial assets. The corporate shares were valued based on their market prices quoted in the PSE at the end of each reporting period. On the other hand, certain underlying assets of the UITF are in equity securities. Thus, UITF is included in Level 2 and valued based on the Net Asset Value per unit (NAVPU) of the fund, as computed by the banks. NAVPU is computed by dividing the total fair value of the fund by the total number of units at the end of each reporting period.

b) Debt securities

The fair value of the University's debt securities which consist of government and corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

c) Derivatives

Derivatives classified as financial assets at FVTPL are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

As of May 31, 2017, the fair value of debt securities categorized as HTM investments amounts to P344.0 million (nil as of May 31, 2016 and March 31, 2016), which is Level 1 in the hierarchy of fair values (see Note 5.1).

Other than the HTM investments, management determined that due to the short-term duration of the other financial assets and financial liabilities measured at amortized costs of the University, as described in Notes 2.4 and 2.8, their fair values as at May 31, 2017 and 2016 and March 31, 2016 equal or approximate their carrying amounts. Accordingly, the University did not anymore present a comparison of their fair values with their carrying amounts and, correspondingly, their level in the hierarchy. Nevertheless, if presented in the hierarchy, only cash and cash equivalents and short-term investments would fall under Level 1 and the rest would be under Level 3.

6.4 Fair Value Measurement for Non-financial Assets

(a) Determining Fair Value of Investment Properties

The table below shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of May 31, 2017 and 2016 and March 31, 2016 (see Note 13).

	Level 1	Level 2	Level 3	Total
Land	P -	P -	P 1,437,440,000	P 1,437,440,000
Building and improvements	-	-	340,389,000	340,389,000
	P -	P -	P 1,777,829,000	P 1,777,829,000

The fair values of the University's investment properties are determined on the basis of the latest appraisals performed by an independent appraiser in July 2016 with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the University's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the University's non-financial assets indicated above is their current use.

The fair values of these non-financial assets were determined based on the following approaches:

(i) Fair Value Measurement for Land

The Level 3 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations and was adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

(ii) Fair Value Measurement for Building and Improvements

The Level 3 fair value of the buildings and improvements under the Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

There has been no change to the valuation techniques used by the University during the year for its non-financial assets. Also, there were no transfers into or out of the different levels of the fair value hierarchy as of May 31, 2017 and 2016 and March 31, 2016.

The carrying amount of investment properties included in Level 3 is presented in Note 13.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of:

	May 31, 2017	May 31, 2016	March 31, 2016
Cash on hand and in banks	**P 184,822,802**	P 252,599,180	P 198,385,349
Short-term placements	**134,777,426**	292,778,777	282,777,058
	P 319,600,228	P 545,377,957	P 481,162,407

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

	May 31, 2017	May 31, 2016	March 31, 2016
Peso	**0.8% to 1.0%**	0.8% to 1.8%	0.8% to 1.8%
Dollar	**1.0%**	0.8%	0.9%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the statements of profit or loss (see Note 19.1). The related interest receivable from short-term placements as of May 31, 2017 and 2016 and March 31, 2016 is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 8).

8. RECEIVABLES

This account is composed of the following:

	Notes	**May 31, 2017**	May 31, 2016	March 31, 2016
Receivables from related parties	23	**P 250,806,551**	P 81,114,926	P 25,000,614
Tuition and other school fees receivables		**268,964,472**	272,384,667	459,618,926
Accrued interest	7, 9, 10	**6,325,911**	24,479,730	24,479,730
Advances to employees		**6,103,290**	5,106,323	4,970,527
Others		**3,252,125**	708,168	917,496
		535,452,349	383,793,814	514,987,293
Allowance for impairment on tuition and other school fees receivables		**(32,619,479)**	(40,282,176)	(40,282,176)
		P 502,832,870	P 343,511,638	P 474,705,117

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

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of May 31, 2017 and 2016 and March 31, 2016 is shown below.

	Notes	**May 31, 2017**	May 31, 2016	March 31, 2016
Balance at beginning of period		**P 40,282,176**	P 40,282,176	P 36,860,456
Impairment losses during the period	18	**27,256,489**	-	40,535,110
Receivables written off during the period	23.7, 23.13	**(34,919,186)**	-	(37,113,390)
Balance at end of period		**P 32,619,479**	P 40,282,176	P 40,282,176

All of the University's receivables had been reviewed for indicators of impairment. Full allowance is provided for receivables from uncollected tuition fees of the previous school term when the specific student from whom it is due does not enroll in the succeeding school term. During the periods ended May 31, 2017 and 2016 and March 31, 2017, certain tuition and other school fees receivables were found to be impaired and corresponding impairment loss is recognized and presented as part of General expenses under Operating Expenses in the statements of profit or loss (see Note 18). The allowance for impairment loss on receivables from students as of May 31, 2017 and 2016 and March 31, 2016 pertains to amounts which have been outstanding for more than one semester and specifically identified to be impaired.

No allowance for impairment loss on all other receivables is provided as of May 31, 2017 and 2016 and March 31, 2016 since management believes that those are collectible in full. However, during the year ended May 31, 2017, management identified certain accrued interest amounting to P24.5 million that are no longer reasonable, hence, was written off. It was presented as Loss on write-off of receivable under Finance Costs in the statements of profit or loss (see Note 19.2).

9. CROSS-CURRENCY SWAP

The University entered into cross-currency swaps to hedge its foreign currency exposure related to its foreign currency denominated investments which were reclassified from AFS Financial Assets to HTM Investments in fiscal year 2017 (see Note 10). As of May 31, 2017 and 2016 and March 31, 2016, the fair value of these cross-currency swaps amounting to P33.4 million, P20.5 million and P18.1 million, respectively, is presented as Derivative Liability in the statements of financial position. The related fair value losses are presented as Fair value loss on derivative liability under Finance Income or Finance Costs in the statements of profit or loss (see Note 19).

Being denominated in foreign currency, the related interest receivable from cross-currency agreement has been adjusted to the prevailing exchange rate resulting in the recognition of cross-currency loss amounting to P16.6 million and P0.2 million for the periods ended May 31, 2017 and 2016, respectively, and cross-currency gain amounting to P0.3 million for the year ended March 31, 2016, which are presented as part of Finance Costs and Finance Income, respectively, in the statements of profit or loss (see Notes 19.2 and 19.1, respectively). The related asset is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 8).

10. FINANCIAL ASSETS

10.1 Available-for-Sale Financial Assets

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

	May 31, 2017	May 31, 2016	March 31, 2016
Current	**P 2,139,654,834**	P 2,156,987,745	P 2,151,377,898
Non-current	**-**	313,189,024	308,642,039
	P 2,139,654,834	P 2,470,176,769	P 2,460,019,937

The types of investments classified under AFS financial assets consist of the following:

	May 31, 2017	May 31, 2016	March 31, 2016
Debt securities:			
Government	**P 413,651,744**	P 411,845,035	P 372,420,314
Corporate	**601,943,490**	886,935,351	910,272,423
	1,015,595,234	1,298,780,386	1,282,692,737
Equity securities:			
Corporate shares	**810,337,410**	743,334,780	670,616,398
UITF	**313,722,190**	428,061,603	506,710,802
	1,124,059,600	1,171,396,383	1,177,327,200
	P 2,139,654,834	P 2,470,176,769	P 2,460,019,937

The fair values of the equity securities and debt securities have been determined based on quoted prices in active markets (see Note 6.2).

The breakdown of quoted AFS financial assets as to currency denomination is as follows:

	May 31, 2017	May 31, 2016	March 31, 2016
Local	**P 1,987,045,871**	P 2,164,834,714	P 2,132,170,225
Foreign	**152,608,963**	305,342,055	327,849,712
	P 2,139,654,834	P 2,470,176,769	P 2,460,019,937

As of May 31, 2016 and March 31, 2016, portion of the foreign currency denominated AFS financial assets amounting to P250.5 million and P269.8 million, respectively, which pertain to corporate bonds, are subject to cross-currency swap agreement with a term coinciding with that of the term of the said bonds (see Note 9). During the year ended May 31, 2017, these AFS financial assets have been reclassified as HTM investments (see Note 10.2).

An analysis of the movements in the carrying amounts of the University's investments is presented below.

	May 31, 2017	May 31, 2016	March 31, 2016
Balance at beginning of period	**P 2,470,176,769**	P 2,460,019,937	P 2,467,859,777
Additions	**2,723,820,161**	339,421,390	1,657,474,250
Disposals	**(2,695,618,050)**	(345,956,667)	(1,574,110,674)
Reclassification to HTM investments (see Note 10.2)	**(335,847,739)**	-	-
Fair value gains (losses) – net	**(22,876,307)**	16,692,109	(91,203,416)
Balance at end of period	**P 2,139,654,834**	P 2,470,176,769	P 2,460,019,937

Investment income from AFS financial assets, which includes dividend income, gain or loss on disposal, and realized fair value gains or losses, totaling P81.7 million, P15.6 million and P116.1 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, has been reinvested as part of additions to AFS financial assets and is presented separately as Interest income from AFS financial assets and as Other investment income from AFS financial assets under Finance Income in the statements of profit or loss (see Note 19.1). The related outstanding interest is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 8).

The total cumulative fair value gains amounting to P36.8 million, P3.3 million and P53.7 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, which are reclassified from equity to profit or loss as a result of disposal of certain AFS financial assets, are presented as Fair Value Gains Reclassified to Profit or Loss in the statements of comprehensive income.

10.2 Held-to-Maturity Investments

In 2017, the University reclassified portion of its AFS financial assets with total fair value of P335.8 million to HTM investments because it now intends to hold these debt securities until maturity.

HTM investments are classified in the May 31, 2017 statement of financial position as follows:

Current	P 95,148,019
Non-current	241,418,315
	P 336,566,334

Corporate bonds, with maturities ranging from one to 32 years, consist of peso and US dollar-denominated bonds issued by various local and foreign companies which bear fixed interest rates ranging from 3.95% to 10.25% per annum.

The breakdown of HTM investments as to currency denomination is as follows:

Local	P 45,000,000
Foreign	291,566,334
	P 336,566,334

As of May 31, 2017, certain foreign currency denominated HTM investments amounting to P238.5 million are subject to cross-currency swap agreement with a term coinciding with that of the term of the said bonds (see Note 9).

An analysis of the movements in the carrying amount of the University's HTM investments for the year ended May 31, 2017 is presented below.

Balance at beginning of year	P -
Reclassification from AFS investments (see Note 10.1)	335,847,739
Additions	15,000,000
Maturities	(30,297,340)
Amortization of discount – net	(3,788,706)
Foreign currency gains – net	19,804,641
Balance at end of year	**P 336,566,334**

As of May 31, 2017, the unamortized discount relating to HTM investments amounts to P11.8 million. Net amortization of discount during the year amounting to P3.8 million is recorded as net of other investment income from HTM investments (see Note 19.1).

11. PREPAYMENTS AND OTHER CURRENT ASSETS

The breakdown of this account is as follows:

	May 31, 2017	May 31, 2016	March 31, 2016
Prepaid expenses	**P 38,905,301**	P 16,224,271	P 7,921,853
Input VAT	**17,768,995**	15,834,323	15,660,030
Short-term investments	**1,240,957**	14,726,586	3,003,842
Others	**13,314,029**	8,186,705	7,657,210
	71,229,282	54,971,885	34,242,935
Allowance for impairment of input VAT	**(10,980,897)**	(10,980,897)	(10,980,897)
	P 60,248,385	P 43,990,988	P 23,262,038

Prepaid expenses mainly consist of prepaid income taxes, rentals and supplies.

Short-term investments, which consist of special savings deposits and investment in special deposit accounts, earn interest ranging from 0.64% to 1.80% for the year ended May 31, 2017, from 0.63% to 1.80% for the two months ended May 31, 2016, and from 0.75% to 2.5% for the year ended March 31, 2016. These investments are maturing beyond three month but within one year from the date of acquisition.

Other assets significantly include merchandise inventory items relating to the University's book store.

12. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

This account consists of the following as of:

	Explanatory Notes	% Interest Held	May 31, 2017	May 31, 2016 (As Restated - See Note 12.5)	March 31, 2016
Investments in:					
Subsidiaries:					
Roosevelt College, Inc. (RCI)	12.1	97.43%	**P 1,012,418,769**	P 832,273,805	P -
FEU Alabang, Inc. (FEUAI)	12.2	100%	**262,499,875**	6,249,875	6,249,875
East Asia Computer Center, Inc. (EACCI)		100%	**150,104,999**	150,104,999	150,104,999
Fern Realty Corporation (FRC)		37.52%	**64,419,300**	64,419,300	64,419,300
Far Eastern College – Silang, Inc. (FECSI)		100%	**51,000,000**	51,000,000	51,000,000
FEU High School, Inc. (FEU High)	12.3	100%	**9,499,500**	9,499,500	9,499,500
Associate –					
Juliana Management Company, Inc. (JMCI)	12.4	49%	**7,878,120**	7,878,120	7,878,120
			P 1,557,820,563	P 1,121,425,599	P 289,151,794

Their place of incorporation which is similar to the place where they operate are summarized as follows:

RCI	-	J.P. Rizal Street, Lamuan, Marikina City
FEUAI	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
EACCI	-	P. Paredes Street, Sampaloc, Manila
FRC	-	Administration Building, FEU Compound, Nicanor Reyes, Sr. Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
FEU High	-	Nicanor Reyes Street, Sampaloc, Manila
JMCI	-	E. Rodriguez Jr. Avenue corner Cpl. Cruz St., Bagong Ilog, Pasig City

Similar to the University, RCI, FEUAI, EACCI and FECSI were established to operate as educational institutions offering general courses of study. FRC, on the other hand, operates as a real estate company leasing most of its investment properties to the University and other related parties.

On June 24, 2014, FEU High was established to offer and conduct enhanced basic education programs. In fiscal year 2017, the subsidiary started its operation as Senior High School in response to the implementation of the K-12 program.

Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of FRC's BOD and elect its officers. Accordingly, FRC is recognized as a subsidiary of the University.

FEUAI will only be conferred as a school by the Department of Education and Commission on Higher Education only after the construction of its school building (see Note 13). As of May 31, 2017, FEUAI is the only subsidiary of the University that has not yet started commercial operations.

The shares of stocks of the subsidiaries and an associate are not listed in the PSE; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amounts of the investments as of May 31, 2017 and 2016 and March 31, 2016 are fully recoverable.

During the years ended May 31, 2017 and March 31, 2016, the University earned dividends from EACCI and FRC totaling P32.5 million and P57.0 million, respectively, (see Note 23.1). No similar transaction occurred with any of the University's subsidiaries during the two months ended May 31, 2016.

12.1 Investment in RCI

On May 12, 2016, pursuant to the Share Purchase Agreement (SPA) entered into between FEU and the selling stockholders of RCI for the sale and purchase of 99.42% of RCI's issued and outstanding shares, the University acquired a total of 235,427 shares of stock of RCI. The acquired shares account for 79.72% of the total outstanding shares of RCI, thereby, making it a subsidiary of the University as of May 31, 2016.

During the year ended May 31, 2017, the University acquired additional 52,349 shares of stock of RCI from various selling stockholders of RCI. The additional shares are equivalent to 17.73% of the total outstanding shares of RCI. As of May 31, 2017, the University already owns 97.43% of RCI's total outstanding shares.

12.2 Investment in FEUAI

During the year ended May 31, 2017, the University fully paid its original subscription to 187,500 shares of stock of FEUAI amounting to P18.8 million. The University also subscribed and paid for the remaining 750,000 shares of FEUAI's authorized capital stock amounting to P75.0 million.

On the other hand, in February 2017, the SEC approved the increase in authorized capital stock of FEUAI. The University subscribed to the increase in authorized common stock of FEUAI totaling 6.5 million and of which, P162.5 million have been paid as of May 31, 2017.

12.3 Investment in FEU High

In the fiscal year 2015, the University subscribed to 0.1 million shares of FEU High, equivalent to P10.0 million, of which P2.5 million was paid in the same year. In the fiscal year 2016, the University paid P7.0 million of the unpaid subscription price of P7.5 million.

12.4 Investment in an Associate

Presented below is JMCI's summary of financial information based on its most recent audited financial statements as of and for the years ended December 31.

	2016	2015	2014
Total assets	**P 15,055,546**	P 15,007,308	P 14,849,452
Total liabilities	**1,714,370**	1,521,370	1,170,829
Total equity	**13,341,176**	13,485,938	13,678,623
Net loss	**144,762**	143,072	87,586

JMCI was established to provide management and technical advice, assistance and services to commercial, manufacturing and other kinds of enterprises.

As of May 31, 2017 and 2016 and March 31, 2016, management believes that the recoverable amount of its investment in JMCI is higher than its carrying value.

12.5 Prior Period Adjustment

The University restated its financial statements as of and for the two months ended May 31, 2016 because of assumed liabilities that were inadvertently excluded from the cost of acquisition of RCI. This restatement did not result in any adjustment to the total comprehensive income as previously reported. The effects of the restatement on certain asset, liability and equity accounts are shown below.

	As Previously Reported	Effects of Restatement	As Restated
Changes in total assets:			
Investments in and advances to subsidiaries and associates - net	P 1,097,425,599	P 24,000,000	P 1,121,425,599
Changes in liabilities –			
Trade and other payables	(601,520,318)	(24,000,000)	(625,520,318)
Net change in equity		P -	

Also, the restatement did not have an impact in the University's statement of cash flows for the two months ended May 31, 2016.

13. INVESTMENT PROPERTIES

This account consists of the building being leased out to FECSI, and a land that will be leased out to FEUAI upon completion of the latter's construction of its school building in the said property.

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of the periods ended May 31, 2017 and 2016 and March 31, 2016 are as follows:

	Land	Building and Improvements	Construction in Progress	Total
May 31, 2017				
Cost	P 1,076,829,849	P 428,436,740	P -	P 1,505,266,589
Accumulated depreciation	-	(103,723,012)	-	(103,723,012)
Net carrying amount	**P 1,076,829,849**	**P 324,713,728**	**P -**	**P 1,401,543,577**
May 31, 2016				
Cost	P 1,076,829,849	P 427,854,543	P 10,879,908	P 1,515,564,300
Accumulated depreciation	-	(82,310,760)	-	(82,310,760)
Net carrying amount	P 1,076,829,849	P 345,543,783	P 10,879,908	P 1,433,253,540
March 31, 2016				
Cost	P 1,072,882,532	P 427,376,543	P 10,879,908	P 1,511,138,983
Accumulated depreciation	-	(78,747,372)	-	(78,747,372)
Net carrying amount	P 1,072,882,532	P 348,629,171	P 10,879,908	P 1,432,391,611

A reconciliation of the carrying amounts of investment properties at the beginning and end of the periods ended May 31, 2017 and 2016 and March 31, 2016 is shown below.

	Land	Building and Improvements	Construction in Progress	Total
Balance at June 1, 2016, net of accumulated depreciation	P 1,076,829,849	P 345,543,783	P 10,879,908	P 1,433,253,540
Reclassifications	-	-	(10,879,908)	(10,879,908)
Additions	-	582,198	-	582,198
Depreciation charges for the period	-	(21,412,253)	-	(21,412,253)
Balance at May 31, 2017, net of accumulated depreciation	**P 1,076,829,849**	**P 324,713,728**	**P -**	**P 1,401,543,577**
Balance at April 1, 2016, net of accumulated depreciation	P 1,072,882,532	P 348,629,171	P 10,879,908	P 1,432,391,611
Additions	3,947,317	478,000	-	4,425,317
Depreciation charges for the period	-	(3,563,388)	-	(3,563,388)
Balance at May 31, 2016, net of accumulated depreciation	P 1,076,829,849	P 345,543,783	P 10,879,908	P 1,433,253,540
Balance at April 1, 2015, net of accumulated depreciation	P 1,053,292,736	P 369,997,999	P 5,702,188	P 1,428,992,923
Additions	19,589,796	-	5,177,720	24,767,516
Depreciation charges for the year	-	(21,368,828)	-	(21,368,828)
Balance at March 31, 2016, net of accumulated depreciation	P 1,072,882,532	P 348,629,171	P 10,879,908	P 1,432,391,611

The total rental income earned from investment properties are presented in Rental under Other Income in the statement of profit or loss (see Notes 20, 23.5, 23.6 and 23.9). The direct operating expenses, which include depreciation and amortization, insurance, and taxes and licenses incurred by the University relating to the investment properties, are presented as part of Depreciation and amortization, Property insurance and Taxes and licenses, respectively, under Operating Expenses in the statements of profit or loss (see Note 18).

Prior to June 1, 2016, the University incurred various costs for master-planning, soil testing and environmental consultancy, and architectural and engineering design services for the campus that will be constructed and leased out to FEUAI. Such costs were recorded as part of the Construction in progress account. In fiscal year 2017, however, management changed its original plan and allowed FEUAI to construct and own the campus instead. Accordingly, as agreed between the parties, all previously capitalized construction costs totalling P10.9 million will now be reimbursed by FEUAI; hence, reclassified to Advances to FEUAI (see Note 23.2).

Based on the latest appraisal report obtained from an independent appraiser in July 2016, management determined that the total fair value of investment properties amounts to P1.8 billion. Management believes that this fair value approximates fair value as at May 31, 2017 and 2016 and March 31, 2016. Information about the fair value measurement and disclosures related to investment properties are presented in Note 6.4.

14. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of periods ended May 31, 2017 and 2016 and March 31, 2016 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction In Progress	Total
May 31, 2017							
Cost	P 312,398,552	P 1,581,152,444	P 450,901,325	P 769,822,117	P 167,535,886	P 12,046,536	P 3,293,856,860
Accumulated depreciation and amortization	-	(614,956,589)	(354,593,590)	(144,055,998)	(136,617,724)	-	(1,250,223,901)
Net carrying amount	**P 312,398,552**	**P 966,195,855**	**P 96,307,735**	**P 625,766,119**	**P 30,918,162**	**P 12,046,536**	**P 2,043,632,959**
May 31, 2016							
Cost	P 193,585,494	P 1,551,832,439	P 413,323,209	P 605,536,250	P 162,293,332	P -	P 2,926,570,724
Accumulated depreciation and amortization	-	(537,799,873)	(298,151,933)	(110,072,168)	(122,977,623)	-	(1,069,001,597)
Net carrying amount	P 193,585,494	P 1,014,032,566	P 115,171,276	P 495,464,082	P 39,315,709	P -	P 1,857,569,127
March 31, 2016							
Cost	P 193,585,494	P 1,545,700,083	P 409,584,875	P 586,934,996	P 161,559,612	P -	P 2,897,365,060
Accumulated depreciation and amortization	-	(524,886,852)	(288,828,506)	(105,363,065)	(120,693,037)	-	(1,039,771,460)
Net carrying amount	P 193,585,494	P 1,020,813,231	P 120,756,369	P 481,571,931	P 40,866,575	P -	P 1,857,593,600

A reconciliation of the carrying amounts of property and equipment at the beginning and end of periods ended May 31, 2017 and 2016 and March 31, 2016 is shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction In Progress	Total
Balance at June 1, 2016 net of accumulated depreciation and amortization	P 193,585,494	P 1,014,032,566	P 115,171,276	P 495,464,082	P 39,315,709	P -	P 1,857,569,127
Additions	118,813,058	29,320,005	37,578,116	164,285,867	5,242,554	12,046,536	367,286,136
Depreciation and amortization charges for the year	-	(77,156,716)	(56,441,657)	(33,983,830)	(13,640,101)	-	(181,222,304)
Balance at May 31, 2017 net of accumulated depreciation and amortization	**P 312,398,552**	**P 966,195,855**	**P 96,307,735**	**P 625,766,119**	**P 30,918,162**	**P 12,046,536**	**P 2,043,632,959**
Balance at April 1, 2016 net of accumulated depreciation and amortization	P 193,585,494	P 1,020,813,231	P 120,756,369	P 481,571,931	P 40,866,575	P -	P 1,857,593,600
Additions	-	6,132,356	3,738,334	18,601,254	733,720	-	29,205,664
Depreciation and amortization charges for the period	-	(12,913,021)	(9,323,427)	(4,709,103)	(2,284,586)	-	(29,230,137)
Balance at May 31, 2016 net of accumulated depreciation and amortization	P 193,585,494	P 1,014,032,566	P 115,171,276	P 495,464,082	P 39,315,709	P -	P 1,857,569,127
Balance at April 1, 2015 net of accumulated depreciation and amortization	P 193,585,494	P 1,027,029,556	P 145,406,874	P 325,059,304	P 51,215,325	P -	P 1,742,296,553
Additions	-	68,235,350	32,942,554	182,890,165	3,495,333	-	287,563,402
Depreciation and amortization charges for the year	-	(74,451,675)	(57,593,059)	(26,377,538)	(13,844,083)	-	(172,266,355)
Balance at March 31, 2016 net of accumulated depreciation and amortization	P 193,585,494	P 1,020,813,231	P 120,756,369	P 481,571,931	P 40,866,575	P -	P 1,857,593,600

As of May 31, 2017 and 2016 and March 31, 2016, certain fully depreciated assets with acquisition cost of P351.4 million, P68.8 million and P60.0 million, respectively, are still being used in the University's operations.

15. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	May 31, 2017	May 31, 2016 (As Restated - see Note 12.5)	March 31, 2016
Retention payable	12.1	**P 182,253,582**	P 146,061,137	P -
Dividends payable	24.2(b)	**176,403,883**	154,542,101	156,169,871
Accrued expenses	9, 23.3 23.4, 23.12	**135,733,039**	112,914,731	55,011,160
Accounts payable	23	**103,893,487**	54,583,793	103,051,313
Deposits payable		**100,386,219**	43,910,227	42,145,019
Withholding and other taxes payable	29	**48,296,726**	38,459,383	46,129,752
Amounts due to students		**33,371,761**	32,394,079	24,016,883
Payable to FEU retirement plan		**25,065,653**	19,584,884	19,065,653
Accrued salaries and employee benefits		**18,886,243**	20,520,146	58,565,514
NSTP trust fund		**-**	266,334	1,310,381
Others		**2,427,462**	2,283,503	2,262,640
		P 826,718,056	P 625,520,318	P 507,728,186

Retention payable pertains to a portion of the consideration for the acquisition of RCI that is retained by the University to ensure compliance by the selling shareholders of RCI to certain terms of the SPA. Such amount is currently maintained in an escrow account with a local bank as of May 31, 2017 and 2016.

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

Accounts payable mainly pertains to unpaid amounts for security services, utilities and other expenses already billed by the University's service providers and suppliers.

Deposits payable are amounts collected on behalf of students and due to third parties mainly for laboratory use, school uniforms of students, thesis tutorial, advising and defense, educational tours and various socio-civic activities. During the years ended May 31, 2017 and March 31, 2016, certain deposits payable recognized in prior years amounting to P0.2 million and P51.6 million, respectively, were recognized as income because the purpose for which the collections were made have already been fulfilled. The related gains are presented as part of Miscellaneous income under Other Income in the statements of profit or loss (see Note 20). No similar transactions occurred during the period ended May 31, 2016.

Amounts due to students represent excess payment of tuition and miscellaneous fees that are refundable to them.

Payable to FEU retirement plan are employee contributions that are yet to be remitted to the retirement fund. These amounts are subsequently remitted after the annual reporting dates.

The NSTP trust fund collected from students amounted to P13.6 million, P0.5 million and P16.9 million for the periods ended May 31, 2017 and 2016 and March 31, 2016. As of May 31, 2016 and March 31, 2016, remaining balance is set aside as a contingency fund and is presented as NSTP Trust Fund (nil as of May 31, 2017).

16. INTEREST-BEARING LOANS

The University's interest-bearing loans as of May 31, 2017 and 2016 and March 31, 2016 are as follows:

Outstanding Principal Balance (in Million Pesos) May 31, 2017	May 31, 2016	March 31, 2016	Explanatory Notes	Interest Rate	Security	Maturity date
P 800.0	P 800.0	P -	(a)	Base interest*	Unsecured	May 2023
680.0	680.0	680.0	(b)	plus 0.75% or	Unsecured	June 2022
200.0	-	-	(c)	prevailing rate	Unsecured	June 2022
150.0	-	-	(d)	on special	Unsecured	May 2023
50.0	-	-	(e)	deposit accounts	Unsecured	January 2018
P 1,880.0	P 1,480.0	P 680.0				

* Base interest rate is determined from the Philippine Dealing System Treasury Reference three-month bid yields for Philippine government securities.

(a) In May 2016, the University obtained a P800.0 million interest-bearing loan from a local commercial bank which was used for the University's general capital expenditure requirements, including acquisitions of business and general corporate funding requirements. The principal amount is payable over 21 quarterly payments to start after a two-year grace period from loan availment date. The loan does not have any significant or restrictive covenants. Initial interest payment was made in August 2016. Related interest amounting to P21.1 million and P1.1 million was recognized in profit or loss and reported as part of Finance Costs in the statements of profit or loss for the periods ended May 31, 2017 and 2016, respectively (see Note 19.2).

(b) In June 2015, the University availed of a credit line facility with another local commercial bank amounting to P1.0 billion, which will be used to finance the construction of a campus, including acquisition of land (see Note 13). The University's initial loan drawdown amounted to P680.0 million and is payable within seven years, with the first principal payment made in June 2017. The loan does not have any significant or restrictive covenants. The loan has an average interest rate of 2.6%, 2.5%, 2.6% for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively. Total borrowing costs capitalized as part of the cost of the investment property for the periods ended May 31, 2016 and March 31, 2016 amounted to P3.9 million and P19.6 million, respectively (see Note 13). Effective June 1, 2016, the University ceased the capitalization of the related interest. For the year ended May 31, 2017, interest incurred amounting to P18.2 million was recognized in profit or loss and reported as part of Finance Costs in the statement of profit or loss.

(c) In April 2017, the University obtained a P200.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable over 21 quarterly payments starting June 2017, together with the initial interest payment. The loan does not have any significant or restrictive covenants. For the year ended May 31, 2017, interest incurred on this loan amounting to P1.2 million was recognized in profit or loss and reported as part of Finance Costs in the statement of profit or loss (see Note 19.2).

(d) In November 2016, the University obtained a P150.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable over 21 quarterly payments starting May 2018. Initial interest payments were made in February and May 2017. The loan does not have any significant or restrictive covenants. Related interest amounting to P2.3 million was recognized in profit or loss and reported as part of Finance Costs in the statement of profit or loss for the year ended May 31, 2017 (see Note 19.2).

(e) In May 2017, the University obtained a P50.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable upon maturity in January 2018. The loan is unsecured and interest-bearing and does not have any significant or restrictive covenants. Related interest amounting to P0.1 million was recognized in profit or loss and reported as part of Finance Costs in the statement of profit or loss for the year ended May 31, 2017 (see Note 19.2).

(f) On August 16, 2016, the University's BOT approved the acceptance of a credit line facility of up to P3.0 billion from another local bank. As of May 31, 2017, the University has not made any drawdown from the facility yet.

(g) On June 11, 2015, the University fully settled its P800.0 million loan which have an outstanding principal amount of P676.9 million.

17. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the statements of profit or loss are as follows:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Tuition fees	**P 1,812,937,319**	P 50,349,409	P 2,378,562,257
Less discounts:			
Scholarships	**92,775,213**	894,463	131,269,230
Cash	**6,964,499**	-	12,621,058
Family	**6,915,741**	255,424	12,328,507
	106,655,453	1,149,887	156,218,795
	1,706,281,866	49,199,522	2,222,343,462

Forward

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Other school fees:			
Transcript fees	**P 7,194,043**	P 1,283,461	P 8,849,527
Identification cards	**5,854,911**	72,795	10,598,935
Entrance fees	**4,138,503**	578,290	13,330,587
Certification fee	**3,547,894**	548,214	3,279,419
Graduation and commencement fees	**3,185,212**	2,977,790	5,842,497
Diplomas	**2,948,640**	296,877	3,767,026
Registration fees	**2,839,972**	38,669	1,272,868
Miscellaneous	**2,886,512**	173,318	5,150,362
	32,595,687	5,969,414	52,091,221
	P 1,738,877,553	P 55,168,936	P 2,274,434,683

Towards the end of every year, the University usually collects tuition fees from students for summer classes which start after the reporting period. Such collections amounting to P8.8 million and P50.4 million as of May 31, 2017 and 2016, respectively, are excluded from tuition fees earned for the period and presented as Unearned Tuition Fees in the statements of financial position. These are recognized as revenue in the following period upon completion of academic class instruction. There are no unearned tuition fees as of March 31, 2016 as collections for summer classes started subsequent to period end.

18. OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Instructional and Academic				
Salaries and allowances		**P 489,244,392**	P 116,356,338	P 612,823,224
Employees benefits	21	**183,294,759**	24,017,243	203,104,610
Affiliation		**2,814,342**	122,600	1,520,902
Related learning experience		**319,520**	7,280	932,860
Others		**80,360,238**	10,887,067	93,776,813
		756,033,251	151,390,528	912,158,409

Forward

	Notes	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Administrative				
Rental	23.3, 23.4, 23.11, 23.12	**P 120,556,562**	P 21,376,018	P 112,303,853
Salaries and allowances		**92,211,958**	14,752,734	88,307,275
Employees benefits	21	**54,033,071**	11,803,821	120,303,953
BOT bonus		**13,500,000**	-	13,500,000
Others		**29,471,367**	5,227,415	27,492,417
		309,772,958	53,159,988	361,907,498
Maintenance and University Operations				
Utilities		**66,015,660**	6,549,146	72,863,070
Salaries and allowances		**18,769,878**	3,039,195	21,886,475
Janitorial services		**17,052,535**	3,637,605	18,736,594
Employee benefits	21	**10,701,224**	893,734	10,380,153
Repairs and maintenance		**10,092,675**	1,493,718	13,644,841
Property insurance		**2,356,332**	8,470	2,497,928
		124,988,304	15,621,868	140,009,061
General				
Depreciation and amortization	13, 14	**P 202,634,557**	P 32,793,525	P 193,635,183
Professional fees		**55,493,846**	9,025,850	39,210,778
Impairment losses on receivables from students	8	**27,256,489**	-	40,535,110
Security services		**18,598,517**	6,021,668	19,279,132
Taxes and licenses	29.1(f)	**6,499,205**	4,334,119	6,117,681
Publicity and promotions		**4,132,086**	212,390	5,445,802
Others		**1,326,171**	2,587,527	15,969,691
		315,940,871	54,975,079	320,193,377
		P 1,506,735,384	P 275,147,463	P 1,734,268,345

Other instructional and academic expenses include publication, printing, binding, donations, membership fees and others. Other administrative expenses pertain mainly to expenses incurred for outsourced services, representation, expenses for seminars and conferences, insurance, various supplies, fuels, repairs and maintenance and others. Other general expenses pertain to trustees' and officers' liability insurance and books and other subscriptions.

19. FINANCE INCOME AND FINANCE COSTS

19.1 Finance Income

This consists of the following:

	Notes	**May 31, 2017 (One Year)**	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Interest income from:				
AFS financial assets	10.1	**P 46,392,410**	P 7,552,139	P 90,252,761
HTM investments	10.2	**24,171,098**	-	-
Short-term investments	11	**7,774,953**	3,229,124	2,949,849
Cash and cash equivalents	7	**4,621,838**	1,846,217	3,730,449
Financial asset at FVTPL	9	**-**	-	290,445
		82,960,299	12,627,480	97,223,504
Dividend income	23.1	**32,512,865**	-	56,994,739
Foreign exchange gains – net	10	**29,360,659**	8,931,146	27,032,132
Other investment income from AFS financial assets and HTM investments – net	10	**35,272,845**	8,010,040	25,840,830
		P 180,106,668	P 29,568,666	P 207,091,205

Other investment income from AFS financial assets comprised collectively of dividend income, gain or loss on disposal, and realized fair value gains or losses of securities held by trustee banks, as well as net amortization of discount and premium on HTM investments.

19.2 Finance Costs

This is broken down into the following:

	Notes	**May 31, 2017 (One Year)**	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Interest expense	9, 16	**P 42,857,486**	P 2,504,036	P -
Loss on write-off of interest receivables	8	**24,479,730**	-	-
Fair value loss on derivative liability	9	**16,618,386**	3,539,700	11,255,800
		P 83,955,602	P 6,043,736	P 11,255,800

20. OTHER INCOME

This consists of the following:

	Notes	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Miscellaneous income:				
Income from sale of books and other merchandise		**P 14,455,765**	P 1,181,941	P 3,961,753
Reversal of deposits payable	15	**221,717**	-	51,649,800
Others		**12,827,726**	1,037,244	7,700,752
		27,505,208	2,219,185	63,312,305
Rental	13, 23.5, 23.6, 23.9	**60,424,678**	7,155,834	46,231,903
Management fees	23.7, 23.10	**-**	-	21,561,195
		P 87,929,886	P 9,375,019	P 131,105,403

21. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

(a) Characteristics of the Defined Benefit Plan

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

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

Contributions to this fund are in accordance with the defined contribution established by the Retirement Board, which is the sum of the employees' and the University's contributions. Employees' contribution is 5% of basic salary while the University's contribution is equivalent to 20% of the employees' basic salary. Retirement expense presented as part of Employee benefits under Operating Expenses in the statements of profit or loss amounted to P80.4 million, P17.0 million, P82.3 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively (see Note 18).

As a policy of FEU, any contributions made by the University in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay can be applied to reduce employer contributions in the succeeding years.

On April 18, 2017, March 10, 2016 and October 1, 2015, management approved the offering of Enhanced Retirement Gratuity Program (ERGP), to be implemented and paid in multiple batches, which covers eligible regular full-time faculty members and non-teaching rank-and-file and supervisory personnel. This program can be availed by all qualified and interested employees.

(b) *Explanation of Amounts Disclosed in the Financial Statements*

Actuarial valuation is obtained to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2017 (for the year ended May 31, 2017) and in 2016 (for the periods ended May 31, 2016 and March 31, 2016).

In determining the amounts of post-employment obligation in accordance with PAS 19 (Revised), *Employee Benefits*, the following significant actuarial assumptions were used:

	May 31, 2017	May 31, 2016	March 31, 2016
Discount rates	**5.17%**	5.02%	5.02%
Salary growth rate	**3.00%**	5.00%	5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 14 for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factor is determined close to the end of the reporting period by reference to the interest rates of a zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

As discussed in Note 2.15, the University's defined contribution plan is accounted for as a defined benefit plan with minimum guarantee starting in 2014 upon the University's adoption of the PIC Interpretation on PAS 19 (Revised). However, considering that the present value of the obligation as determined by an independent actuary approximates the fair value of the plan assets, management opted not to recognize further the unfunded portion of the obligation which is considered insignificant as shown in the analysis below.

An analysis of the University's defined benefit obligation following PIC Interpretation with respect to the defined benefit minimum guarantee under RA 7641 is presented below.

	May 31, 2017	May 31, 2016	March 31, 2016
Fair value of plan assets	**P 630,911,276**	P 616,500,626	P 616,500,626
Present value of obligation	**(624,983,652)**	(619,046,290)	(619,046,290)
Over- (under-) funding	**P 5,927,624**	(P 2,545,664)	(P 2,545,664)

(c) Risks Associated with the Retirement Plan

The plan exposes the University to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the University's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the University's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	**Increase/ (Decrease) in Assumption**	**Increase/ (Decrease) in Assumption**
May 31, 2017			
Discount rate	**+/- 0.5%**	**(P 143,413)**	**P 173,092**
Salary growth rate	**+/- 1.0%**	**392,986**	**(227,800)**
May 31, 2016			
Discount rate	+/- 0.5%	(P 690,063)	P 893,044
Salary growth rate	+/- 1.0%	1,786,745	(1,185,650)
March 31, 2016			
Discount rate	+/- 0.5%	(P 690,063)	P 893,044
Salary growth rate	+/- 1.0%	1,786,745	(1,185,650)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis in the previous page, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the University through its Retirement Board, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The University actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the Fund's assets as of May 31, 2017 and 2016 and March 31, 2016 consists of equities and debt securities, although the Fund also invests in cash equivalents. The University believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a diversified portfolio of local blue chip entities but none are invested in the University's listed shares with the PSE.

There has been no change in the University's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country, the size of the fund is also sufficient to cover the vested benefits when a significant number of employees are expected to retire in 20 years' time.

The University expects to make contribution of P72.0 million to the plan during the next reporting period.

The Fund's, which comprised of both employer and employee share contributions, audited statements of financial position show the following as of December 31:

		2016		2015
Assets				
Cash and cash equivalents	**P**	**61,546,204**	P	46,452,702
Receivables - net		**49,445,707**		47,681,793
Investment in debt securities:				
Corporate bonds and other debt instruments		**306,961,487**		379,492,165
Government securities		**133,933,153**		165,442,749
Investment in equity securities:				
Equity securities		**234,275,091**		240,530,582
UITF		**73,402,231**		17,158,809
Mutual funds		**10,176,639**		11,972,643
Investment in long term certificate of deposits		**4,442,956**		4,442,956
Others		**53,511**		46,664
		874,236,979		913,221,063
Liabilities		**(9,802,728)**		(50,881,770)
Net Assets Available for Plan Benefits	**P**	**864,434,251**	P	862,339,293

Below is the breakdown of the employer's share in the Fund's net plan assets as to type of investments as of May 31, 2017 and 2016 and March 31, 2016.

		May 31, 2017		May 31, 2016		March 31, 2016
Cash and cash equivalents	**P**	**3,438,512**	P	11,487,179	P	38,498,871
Domestic listed shares		**226,279,606**		230,950,399		189,335,154
Corporate bonds		**131,744,950**		174,549,311		153,445,471
Government bonds		**98,575,757**		144,107,932		118,325,446
Other securities and debt instruments		**103,216,518**		101,915,926		85,805,907
UITF		**36,468,583**		18,964,794		17,450,479
Fixed income loans		**4,109,107**		4,839,023		4,093,191
Others		**27,078,245**		10,848,500		9,546,107
	P	**630,911,278**	P	697,663,064	P	616,500,626

The Fund's financial assets are maintained in trust funds with credible trustee banks under control by the Fund through its Retirement Board.

The above breakdown of the Fund's financial assets at FVTPL is presented to show the composition of the plan assets used by the actuary in determining the net retirement obligation based on the minimum guarantee under RA 7641 as of May 31, 2017 and 2016 and March 31, 2016.

22. INCOME TAXES

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

The major components of tax expense (income) reported in the statements of profit or loss are as follows:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Current tax expense:			
Final tax at 20%	**P 14,593,396**	P 3,261,270	P 17,038,281
Special rate at 10%	**13,684,663**	-	74,248,946
	28,278,059	3,261,270	91,287,227
Deferred tax expense (income) relating to origination and reversal of temporary differences	**18,008,003**	(20,725,681)	(1,006,816)
	P 46,286,062	(P 17,464,411)	P 90,280,411

A reconciliation of tax on pretax profit (loss) computed at the applicable statutory rates to tax expense (income) reported in profit or loss is presented below.

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Tax on pretax profit (loss) at 10%	**P 41,622,312**	(P 18,707,858)	P 86,710,715
Adjustments for income subjected to higher tax rates	**7,296,698**	1,630,336	8,519,139
Tax effects of:			
Non-taxable income	**(5,080,921)**	(386,889)	(7,637,672)
Non-deductible expenses	**2,447,973**	-	2,688,229
Tax expense (income)	**P 46,286,062**	(P 17,464,411)	P 90,280,411

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

	Statements of Financial Position			Statements of Profit or Loss		
	May 31, 2017	May 31, 2016	March 31, 2016	**May 31, 2017 (One Year)**	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Deferred tax assets:						
Accrued rent expense	**P 5,464,689**	P 2,851,523	P 2,332,178	**(P 2,613,166)**	(P 519,345)	(P 2,074,459)
Unrealized fair value loss	**3,336,546**	2,052,000	1,807,230	**(1,284,546)**	(244,770)	(1,807,230)
Allowance for impairment on tuition and other school fees receivables	**3,261,948**	4,028,218	4,028,218	**766,270**	-	(342,172)
Net operating loss carry-over	**-**	19,081,923	-	**19,081,923**	(19,081,923)	-
Unrealized foreign currency loss	**-**	-	-	**-**	-	1,492,939
Deferred tax liability:						
Unrealized foreign currency gains	**(2,936,065)**	(869,751)	(1,729,142)	**2,066,314**	(859,391)	1,729,142
Unrealized fair value gains	**-**	(8,792)	(29,044)	**(8,792)**	(20,252)	(5,036)
Deferred tax assets – net	**P 9,127,118**	P 27,135,121	P 6,409,440			
Deferred tax expense (income) – net				**P 18,008,003**	(P 20,725,681)	(P 1,006,816)

The University claimed itemized deductions for income tax purposes in all of the periods presented.

23. RELATED PARTY TRANSACTIONS

The University's related parties include its subsidiaries, the University's key management and others as described in Note 2.18. A summary of the University's transactions with its related parties is presented below (in thousands).

		May 31, 2017		May 31, 2016		March 31, 2016	
	Notes	**Amount of Transaction (One Year)**	**Outstanding Receivable (Payable)**	Amount of Transaction (Two Months)	Outstanding Receivable (Payable)	Amount of Transaction (One Year)	Outstanding Receivable (Payable)
Subsidiaries							
Rental expense	23.3, 23.4, 23.11	**(P 116,075)**	**(P 48,513)**	(P 19,123)	(P 21,996)	(P 105,756)	(P 24,820)
Dividend income	23.1	**32,513**	**25,840**	-	-	56,995	-
Rental income	23.5, 23.6, 23.8, 23.9	**52,061**	**22,536**	240	417	4,148	2,582
Noninterest-bearing advances	23.2	**164,165**	**189,330**	27,204	30,620	2,248	3,416
Reimbursement of expenses – (Receivable)	23.7	**38**	**38**	-	-	1,596	-
Other related parties							
Rental income	23.9	**2,813**	**3,194**	5,626	3,067	34,045	2,689
Noninterest-bearing advances	23.2	**3,799**	**10,832**	952	9,093	24,049	8,141
Management service	23.10	**-**	**-**	-	7,996	18,894	8,559
Reimbursement of expenses – (Receivable)	23.7	**426**	**1,222**	-	674	1,596	-
Rental expense	23.12	**(3,136)**	**(6,795)**	523	523	(3,100)	(3,100)
Key management personnel compensation	23.14	**154,244**	**-**	23,659	-	141,955	-
Retirement Fund	23.15						
Retirement plan assets		**-**	**630,911**	-	697,663	-	616,501
Reimbursement of fund		**996**	**996**	29,425	29,425	-	-

No allowance for impairment is recognized on the University's receivables from its related parties.

Details of the foregoing summary of transactions are as follows:

23.1 Dividend Income

For the years ended May 31, 2017 and March 31, 2016, the BOT of EACCI and BOD of FRC had declared cash dividends to all of their stockholders. Accordingly, the University recognized dividend income of P25.8 million and P6.7 million from EACCI and FRC, respectively, for the year ended May 31, 2017 (nil for the period ended May 31, 2016), while P50.3 million and P6.7 million from EACCI and FRC, respectively, for the year ended March 31, 2016 and are presented as Dividend income under Finance Income in the May 31, 2017 and March 31, 2016 statements of profit or loss (see Note 19.1). Dividend receivable amounting to P25.8 million is presented as part of Receivables from related parties under the Receivables account in the May 31, 2017 statement of financial position. There is no outstanding receivable related to this transaction as of March 31, 2016.

23.2 Noninterest-bearing Advances

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

Summarized below are the outstanding receivables, shown as part of Receivable from related parties under the Receivables account in the statements of financial position, arising from these transactions (see Note 8).

	Beginning	Advances	Repayments	Ending
May 31, 2017				
RCI	P 26,837,821	P 138,793,628	(P 98,890)	P 165,532,559
EAEF	7,894,114	3,361,965	(2,061,074)	9,195,005
FEUAI	2,786,704	17,869,229	-	20,655,933
FEU Public Policy Foundation, Inc.	1,199,289	437,440	-	1,636,729
EACCI	516,084	318,709	-	834,793
FEU High	423,400	7,050,938	(5,213,641)	2,260,697
FRC	56,242	132,800	(142,730)	46,312
	P 39,713,654	**P 167,964,709**	**(P 7,516,335)**	**P 200,162,028**
May 31, 2016				
RCI	P -	P 26,837,821	P -	P 26,837,821
EAEF	6,941,664	2,073,341	(1,120,891)	7,894,114
FEUAI	2,429,295	357,409	-	2,786,704
FEU Public Policy Foundation, Inc.	1,199,289	-	-	1,199,289
EACCI	516,084	-	-	516,084
FEU High	414,883	8,517	-	423,400
FRC	56,158	84	-	56,242
	P 11,557,373	P 29,277,172	(P 1,120,891)	P 39,713,654
March 31, 2016				
EAEF	P 7,174,074	P 24,029,802	(P 24,262,212)	P 6,941,664
FEUAI	469,530	1,959,765	-	2,429,295
FEU Public Policy Foundation, Inc.	1,180,568	18,721	-	1,199,289
EACCI	244,195	271,889		516,084
FEU High	280,761	134,122	-	414,883
FRC	173,124	13,607	(130,573)	56,158
	P 9,522,252	P 26,427,906	(P 24,392,785)	P 11,557,373

During the year ended May 31, 2017, the University's management changed its ownership plan over the Alabang campus that is being constructed on the University's land. Consequently, the University reclassified all of its previously incurred construction costs amounting to P10.9 million from CIP under the Investment Properties account to Advances to FEUAI (see Note 13).

23.3 Lease of Manila Campus Premises from FRC

The University leases certain buildings located within the Manila campus premises from FRC for a period of 10 years at an annual rate agreed yearly between the parties but at no rate lower than what was previously prevailing in the preceding year. Currently, the lease is effective from July 2015 to June 30, 2025. The parties agreed to a rental rate of P9.4 million on the first year, subject to 5% escalation rate every year thereafter.

Total rental expense arising from these leases charged to operations amounting to P95.9 million, P16.1 million, and P92.6 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, is presented as part of Rental under Administrative Expenses (see Note 18). Accrued rental amounting to P35.7 million, P17.5 million, and P21.0 million as at May 31, 2017 and 2016 and March 31, 2016, respectively, is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

23.4 Lease of Makati Campus Premises from FRC

FEU leases from FRC the land where the building occupied by FEU Makati Campus is located. The lease agreement covers a period of 30 years from December 1, 2010 to May 31, 2041. The lease period is renewable subject to conditions mutually agreed upon by both parties. The annual rental rate is P0.7 million, subject to 5% escalation rate on every year thereafter until the end of lease term.

Total rental expense charged to operations amounted to P17.7 million, P3.0 million, and P11.8 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, and is presented as part of Rental, which is presented as part of Administrative operating expenses, under Operating Expenses in the statements of profit or loss (see Note 18). Accrued rental amounted to P12.9 million, P4.5 million, and P3.8 million as of May 31, 2017 and 2016 and March 31, 2016, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

23.5 Lease of Certain Building Floor to FRC

The University leases to FRC the mezzanine floor of one of the University's buildings for a period of 10 years from September 1, 2007 to August 31, 2017, renewable upon mutual consent of both parties. Rent income from FRC amounted to P1.5 million, P0.1 million, and P0.9 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, which are shown as part of Rental under Other Income in the statements of profit or loss (see Notes 13 and 20). There are no outstanding receivables as of the end of each period related to this lease agreement.

23.6 Lease of Campus Premises to FECSI

In July 2012, a contract was signed between the University and FRC, where the University became the new owner and lessor of two school buildings to FECSI. However, FRC still retains the ownership of the land where the buildings are located. In previous years, FRC owned and leased the campus' buildings and land solely to FECSI. Subsequently, a new lease agreement was signed by the University, FRC and FECSI for a period of ten years from August 1, 2012 to July 31, 2022. The lease period is renewable subject to conditions mutually agreed upon by the parties. The annual rent is set at P1,344,000 or 10% of FECSI's annual gross revenue net of some adjustments, whichever is higher. The rental fee is equally allocated between the University and FRC.

Total rental income earned from this transaction amounting to P3.1 million, P0.1 million and P3.3 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, is presented as part of Rental under Other Income in the statements of profit or loss (see Notes 13 and 20). As of May 31, 2017 and 2016 and March 31, 2016, the outstanding receivable arising from this transaction amounts to P0.6 million, P0.3 million, and P2.6 million, respectively, and is presented as part of Receivable from related parties under the Receivables account in the statements of financial position (see Note 8). No impairment loss is recognized by the University on this receivable from related parties.

23.7 Reimbursement of Expenses

The University bills EAEF for related services such as security and janitorial services, light and water and other utilities. Accordingly, the outstanding receivable amounting to P1.2 million and P1.0 million as of May 31, 2017 and 2016, respectively, is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8). There is no outstanding receivable as of March 31, 2016 related to this transaction.

During the year ended March 31, 2016, the University paid for the salaries and other benefits of FECSI's duly appointed executive director. Accordingly, the University charged FECSI for the reimbursement of such expenses which is presented as part of Management fees under the Other Income in statement of profit or loss for the year ended March 31, 2016 (see Note 20). There is no outstanding receivable as of March 31, 2016 related to this transaction. No similar transaction occurred during the year ended May 31, 2017.

Also, during the same period, FECSI initially paid on the University's behalf certain transportation expenses of its employees, amounting to P1.6 million, during certain academic activities. As of March 31, 2016, there is no outstanding payable related to this transaction. No similar transactions occurred for the periods ended May 31, 2017 and 2016.

During the year ended May 31, 2017, the University billed FEU High for light and water and other utilities. Accordingly, the outstanding receivable amounting to P2.8 million as of May 31, 2017, is presented as part of Receivables from related parties under the Receivables account in the statement of financial position (see Note 8). No similar transactions occurred for the periods ended May 31, 2016 and March 31, 2016.

23.8 Lease of Nursing Building to FEU High

In June 2016, the University subleased the Nursing Building from FRC to FEU High for a period of one year until May 31, 2017. Total rental income from this transaction, presented as part of Rental under Other Income in the statement of profit or loss for the year ended May 31, 2017, amounted to P21.8 million (see Note 20). Outstanding receivables arising from this transaction amounting to P1.8 million is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8). No impairment loss is recognized by the University on this receivable.

23.9 Lease of Certain Buildings to EAEF and EACCI

The University leases out certain buildings to EAEF for a period of one to five years until March 31, 2015. However, upon expiration of the term of the contract, the University and EAEF had mutually agreed not to renew such lease agreement (see Note 13). Instead, as of May 31, 2016 and March 31, 2016, only certain floors of the buildings were leased out to EAEF.

Total rental income from EAEF, presented as part of Rental under Other Income in the statements of profit or loss, amounted to P2.8 million, P5.6 million and P34.0 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively (see Note 20). Outstanding receivables arising from this transaction amounting to P3.2 million, P5.6 million and P2.7 million, respectively, are presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8). No impairment loss is recognized by the University on this receivable.

Starting July 2016, upon take-over of EACCI of the EAEF's operations, the lease of the buildings was transferred to the custody of EACCI. A new lease contract for a period of ten years until June 30, 2026 was entered into by the University and EACCI. Monthly rental of P2.1 million (exclusive of VAT) from July 2016 to February 2017 and P2.0 million (inclusive of VAT) for March 2017 onwards, was billed to EACCI.

Total rental income from EACCI, presented as part of Rental under Other Income in the statement of profit or loss for the year ended May 31, 2017, amounted to P25.7 million (see Note 20). Outstanding receivables arising from this transaction amounting to P20.2 million is presented as part of Receivables from related parties under the Receivables account as of May 31, 2017 (see Note 8). No impairment loss is recognized by the University on this receivable. No similar transaction occurred for the periods ended May 31, 2016 and March 31, 2016

23.10 Management Services

The University provided management services to EAEF which agreed to pay management fee computed at a certain percentage of the latter's gross revenue subject to certain conditions. Management fees earned amounted to P18.9 million for the year ended March 31, 2016, which is presented as part of Management fees under Other Income in the March 31, 2016 statement of profit or loss (see Note 20). Outstanding receivables arising from this transaction amount to P8.0 million and P8.6 million as of May 31, 2016 and March 31, 2016, respectively, (nil as of May 31, 2017) and are presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8). No impairment loss is recognized by the University on these receivables. No similar income was earned for the periods ended May 31, 2017 and 2016 as EACCI already took over the operations of EAEF during the year ended May 31, 2017.

23.11 Lease of Facilities from EACCI

The University conducts certain Physical Education classes using EACCI's swimming facilities. Total rental expense charged to operations amounted to P2.5 million and P1.3 million for the years ended May 31, 2017 and March 31, 2016, respectively, (nil for the period ended May 31, 2016) and is presented as part of Rental under Administrative Expenses (see Note 18). There was no outstanding balance from this transaction as of May 31, 2017 and 2016 and March 31, 2016.

23.12 Lease of Facilities from Nicanor Reyes Educational Foundation, Inc. (NREF)

FEU leases from NREF certain sports facilities for use by the University's athletes. The lease agreement covers a period of ten years from April 1, 2014 to March 31, 2024. The annual rental rate is determined every year subject to conditions mutually agreed upon by both parties. Total rental expense charged to operations amounted to P3.1 million, P0.5 million and P3.1 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, and are presented as part of Rental under Administrative Expenses (see Note 18). Outstanding payable arising from these transactions are presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

23.13 Financial Guaranty for Subsidiaries' Loans

In March 2017, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a local commercial bank, the University gives its full consent and authority to act as surety for the subsidiary's obligations arising from any loan or availments from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. As of the report date, no subsidiary has availed of any loan drawdown from the University's credit facility with the local bank.

23.14 Key Management Personnel Compensation

Total remuneration of the University's key management personnel presented as part of Salaries and allowances and Employees benefits, which is part of Instructional and Academic expenses, under Operating Expenses (see Note 18) is as follows:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Short-term benefits	**P 132,725,170**	P 20,336,298	P 122,017,785
Post-employment benefits	**21,518,544**	3,322,864	19,937,183
	P 154,243,714	P 23,659,162	P 141,954,968

23.15 Retirement Fund

The University's retirement fund is in the form of trustee-banks managed accounts. The fair value of the University's retirement plan assets amounted to P630.9 million, P697.7 million and P616.5 million as of May 31, 2017 and 2016 and March 31, 2016, respectively. Details of the retirement plan are presented in Note 21(d)(iii). The University has no transactions with the retirement plan other than contributions and benefit payments in all periods presented. During the periods ended May 31, 2017 and 2016, the University funded the retirement pay of certain employees who availed of the ERGP (see Note 21), which will be reimbursed by the Fund. The outstanding receivable from this transaction amounted to P1.0 million and P29.4 million as of May 31, 2017 and 2016, respectively, and is recorded as part of Receivables from related parties under Receivables in the statement of financial position (see Note 8). No similar transaction occurred for the year ended March 31, 2016.

None of the retirement plan assets are invested in or provided to the University, its related parties, and to its officers in the form of advances or loans.

The retirement fund neither provides any guarantee nor surety for any obligation of the University.

24. EQUITY

24.1 Capital Stock

As of May 31, 2017 and 2016 and March 31, 2016, the University has 20,000,000 shares of authorized capital stock, of which 16,477,023 were issued and outstanding, with par value of P100 per share.

Also, the University's treasury stock acquired in prior years amounted to P3.7 million or 37,331 shares as of May 31, 2017 and 2016 and March 31, 2016.

On July 11, 1986, the SEC approved the listing of the University's common shares, its only listed securities, at an offer price of P100 per share. As of May 31, 2017 and 2016 and March 31, 2016, there are 16,514,354 listed shares which include those held in treasury and shares held by the University's related parties. The University has a total of 10,834,034, 10,816,929 and 10,897,408 listed shares, which is equivalent to 65.75%, 65.64% and 66.14%, held by related parties as at May 31, 2017 and 2016 and March 31, 2016, respectively, while there are 5,642,989, 5,660,754 and 5,579,615 listed shares owned by the public which is equivalent to 34.25%, 34.36% and 33.86% of the total outstanding shares as at May 31, 2017 and 2016 and March 31, 2016, respectively.

As of May 31, 2017 and 2016 and March 31, 2016, the closing price of the University's listed shares were P970, P970 and P975, respectively, per share.

24.2 Retained Earnings

Significant transactions affecting Retained Earnings, which includes the amount equivalent to the cost of the University's treasury shares of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

As of May 31, 2017 and 2016 and March 31, 2016, the University's Appropriated Retained Earnings consists of appropriations for:

Property and investment acquisition	P 2,250,000,000
Expansion of facilities	187,000,000
General retirement	90,000,000
Purchase of equipment and improvements	33,000,000
Contingencies	10,000,000
Treasury stock	3,733,100
	P 2,573,733,100

The changes in the appropriated retained earnings during the year ended March 31, 2016 are shown below.

Balance at beginning of period	P 2,034,503,100
Appropriations	707,500,000
Reversal of appropriations	(168,270,000)
Balance at end of period	P 2,573,733,100

During the fiscal year ended March 31, 2016, the University made an additional appropriation, amounting to P707.5 million, for property and investment acquisition. Such appropriation is expected to be realized within one year from the end of the reporting period.

During the same year, the University reversed appropriations for expansion of facilities amounting to P143.0 million, and purchase of equipment and improvements amounting to P25.3 million, as the purpose for which such appropriations were made had been completed.

No changes were made in the appropriated retained earnings during the periods ended May 31, 2017 and 2016.

(b) Dividend Declaration

The BOT approved the following dividend declarations during the periods ended:

	Date of Declaration	Date of Record	Date of Payment/Issuance	Amount
May 31, 2017				
Cash dividend of P12 per share	June 21, 2016	July 5, 2016	July 19, 2016	P 197,724,276
Cash dividend of P10 per share	February 21, 2017	March 7, 2017	March 21, 2017	164,770,230
				P 362,494,506

	Date of Declaration	Date of Record	Date of Payment/Issuance	Amount
March 31, 2016				
Cash dividend of P12 per share	June 16, 2015	June 30, 2015	July 14, 2015	P 197,724,276
Cash dividend of P12 per share	December 11, 2015	December 29, 2015	January 15, 2016	197,724,276
				P 395,448,552

Unclaimed checks related to dividends declared as of May 31, 2017 and 2016 and March 31, 2016 are presented as Dividends payable under the Trade and Other Payables account in the statements of financial position (see Note 15). No dividends were declared for the two months ended May 31, 2016.

25. EARNINGS (LOSS) PER SHARE

Earnings (loss) amounts were computed as follows:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Net profit (loss)	**P 369,937,059**	(P 169,614,167)	P 776,826,735
Divided by number of outstanding shares, net of treasury stock of 37,331 shares	**16,477,023**	16,477,023	16,477,023
Basic and diluted earnings (loss) per share	**P 22.45**	(P 10.29)	P 47.15

The weighted average number of outstanding shares is the same as the actual number of outstanding shares as of May 31, 2017 and 2016 and March 31, 2016.

The University has no dilutive potential common shares as of May 31, 2017 and 2016 and March 31, 2016; hence, the diluted earnings (loss) per share is the same as the basic earnings (loss) per share in all the periods presented.

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

On August 15, 2017, the University's BOT approved the following changes in the appropriation of retained earnings as of May 31, 2017:

	May 31, 2017	Additions (Reversal)	August 15, 2017
Property and investment acquisition	P 2,250,000,000	(P 250,000,000)	P 2,000,000,000
Expansion of facilities	187,000,000	137,800,000	324,800,000
General retirement	90,000,000	50,000,000	140,000,000
Purchase of equipment and improvements	33,000,000	102,200,000	135,200,000
Contingencies	10,000,000	230,000,000	240,000,000
Treasury stock	3,733,100	-	3,733,100
	P 2,573,733,100	P 270,000,000	P 2,843,733,100

The foregoing post year-end event involving the University did not have any impact on its financial statements as of and for the year ended May 31, 2017.

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the University:

27.1 Operating Lease Commitments – University as Lessee

(a) Lease Agreement with FRC

The University is a lessee under operating leases covering certain buildings for a period of ten years from July 1, 2005 to June 30, 2015. In July 2015, the lease contract was renewed for another ten years, which will expire on June 30, 2025, subject to annual escalation rate of 5%.

The University also entered into other contracts of lease for the land where the building occupied by FEU Makati is located for a period of 30 years and for the lease of various sports facilities covering a gymnasium, football field and classrooms for a period of ten years, as discussed in Notes 23.4 and 23.3, respectively.

The future minimum rentals payable under these non-cancellable operating leases as of May 31, 2017 and 2016 and March 31, 2016 are as follows:

	May 31, 2017	May 31, 2016	March 31, 2016
Within one year	**P 93,515,870**	P 94,075,321	P 93,365,910
After one year but not more than five years	**526,513,278**	511,915,548	509,340,521
More than five years	**594,682,244**	740,792,713	759,159,332
	P 1,214,711,392	P 1,346,783,582	P 1,361,865,763

27.2 Operating Lease Commitments – University as Lessor

The University leases out certain buildings to EAEF, EACCI, FEU High and FECSI and the mezzanine floor to FRC for a period of one to ten years (see Notes 13, 23.5, 23.6, 23.8 and 23.9).

Future minimum rental receivables, excluding contingent rental, under these operating leases are as follows:

	May 31, 2017	May 31, 2016	March 31, 2016
Within one year	**P 22,816,026**	P 35,196,560	P 35,196,560
After one year but not more than five years	**89,831,091**	-	-
More than five years	**89,352,573**	-	-
	P 201,999,690	P 35,196,560	P 35,196,560

27.3 Open Legal Cases

As of May 31, 2017, the University has a pending case against the local government of City of Manila where it is contesting the imposition of local business tax on the tuition fees collected. The University's protest is grounded on the following premises: (i) the lack of specific provision in the Local Government Code and in the Local Tax Code of Manila authorizing the City of Manila to impose a business tax of 1% on tuition fees; (ii) prescription; and, (iii) violation of due process. The local business tax being contested covers taxable years 2009 to 2013.

Also, as of the same date, the University is a defendant in certain civil cases, which are pending before the National Labor Relations Commission, Court of Appeals and the Supreme Court.

As of May 31, 2017, no final decision has been rendered by the courts in the above-mentioned cases; hence, no provision for contingencies is recognized. The University's management and its legal counsel believe that liabilities, if any, which may result from the outcome of these cases, will not materially affect the financial position and results of operations of the University.

27.4 Others

There are other contingencies that arise in the normal course of business that are not recognized in the University's financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements, however, the University opted to appropriate portion of its retained earnings to cover for such contingencies (see Note 24.2).

28. 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 liabilities divided by total adjusted equity (comprised of capital stock and retained earnings). Capital for the reporting periods May 31, 2017 and 2016 and March 31, 2016 is summarized below.

	May 31, 2017 (One Year)	May 31, 2016 (Two Months) (As Restated – See Note 12.5)	March 31, 2016 (One Year)
Total liabilities	**P 2,748,894,752**	P 2,204,874,870	P 1,234,208,017
Total adjusted equity	**5,591,403,919**	5,583,961,366	5,753,575,533
Debt-to-equity ratio	**0.49 : 1.00**	0.39 : 1.00	0.21 : 1.00

The University's goal in capital management is to maintain a lower liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00:1.00. This is in line with the University's bank covenants related to one of its interest-bearing loans which were already fully paid as of March 31, 2016 (see Note 16).

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

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

29. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

The following supplementary information on taxes, duties and license fees paid or accrued during the taxable year required by the BIR under Revenue Regulation (RR) No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

In fiscal year 2017, the University declared output VAT as follows:

	Tax Base	Output VAT
Rental	P 39,059,618	P 4,687,154
Sale of merchandise	27,437,087	3,292,450
Management fee	1,973,127	236,775
	P 68,469,832	**P 8,216,379**

The outstanding output VAT payable amounting to P0.2 million as of May 31, 2017 is presented as part of Withholding and other taxes payable under the Trade and Other Payables account in the 2017 statement of financial position (see Note 15).

Pursuant to Section 109, *VAT Exempt Transactions*, of the National Internal Revenue Code of 1997, the University's receipts from tuition and other fees related to educational services amounting to P1,777,216,934 are VAT exempt.

The tax base for rendering of services is based on the University's gross receipt for the year; hence, may not be the same with the amounts reported in the 2017 statement of profit or loss which is based on PFRS.

(b) Input VAT

Pursuant to Section 109, the University is not allowed any tax credit of input VAT on its purchases related to educational services.

(c) Taxes on Importation

The University did not have any importations in fiscal year 2017.

(d) Excise Tax

The University did not have any transactions in fiscal year 2017, which are subject to excise tax.

(e) Documentary Stamp Tax

In fiscal year 2017, the University paid and accrued documentary stamp tax (DST) for the following transactions:

Loan agreement	P 1,929,452
Miscellaneous	500,000
	P 2,429,452

(f) Taxes and Licenses

Details of taxes and licenses in fiscal year 2017 are as follows (see Note 18):

Municipal license and permits	P 2,596,770
DST	2,429,452
Real property tax	1,455,408
Community tax	10,500
Miscellaneous	7,075
	P 6,499,205

(g) Withholding Taxes

Details of total withholding taxes for the fiscal year ended May 31, 2017 are shown below.

Compensation	P 153,177,551
Expanded	18,718,420
Final	11,242,762
	P 183,138,733

(h) Deficiency Tax Assessments and Tax Cases

As of May 31, 2017, the University does not have any final deficiency tax assessments with the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of ***Far Eastern University, Incorporated and Subsidiaries*** (the Group)is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the year ended May 31, 2017, for the period ended May 31, 2016 and for the year ended March 31, 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The Board of Trustees is responsible for overseeing the Group's financial reporting process.

The Board of Trustees reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AURELIO R. MONTINOLA III
Chairman of the Board and
Chief Executive Officer

MICHAEL M. ALBA
President and Chief Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this 11th day of Sept., 2017, affiants exhibiting their Tax Identification Numbers as follows:

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

ENRICO G. GILERA
Notary Public for Manila
Until December 2018
PTR No. 5989654; 01.03.2017; Manila
IBP No. 1056107; 01.04.2017; PPLM
Roll No. 35149; May 27, 1988
MCLE Compliance No. V 0021389; May 4, 2016
Unit 403 Dona Consuelo Bldg.,
929 Nicanor Reyes Street, Manila
Te. No. 736 4975

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Grant Thornton
An instinct for growth™

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

T +63 2 988 2288
F +63 2 886 5506
grantthornton.com.ph

Report of Independent Auditors

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

Opinion

We have audited the consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries (the Group), which comprise the consolidated statements of financial position as at May 31, 2017 and 2016 and March 31, 2016 and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended May 31, 2017 and March 31, 2016 and the two months ended May 31, 2016, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2017 and 2016 and March 31, 2016, and its consolidated financial performance and its consolidated cash flows for the periods then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements in the Philippines that are relevant to our audits of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed more fully in Note 1 to the consolidated financial statements, the Group changed its financial reporting period from a fiscal year beginning April 1 and ending March 31 to a fiscal year beginning June 1 and ending May 31. Accordingly, it has prepared and presented consolidated financial statements for the two months ended May 31, 2016. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Reasonableness of Tuition and Other School Fees

Description of the Matter

Tuition and other school fees amounted to P2.9 billion, which accounts for 97% of total revenues of the Group, for the year ended May 31, 2017 as shown in the Group's consolidated statements of profit or loss and in Note 19 to the consolidated financial statements. It involves significant volume of transactions and the Group is dependent on its information technology infrastructure in processing such voluminous transactions. Because of this, any potential misstatements related to tuition and other school fees could be material to the consolidated financial statements. Growth in tuition and other school fees is also one of the key performance measures used to assess the Group's performance. We therefore identified reasonableness of tuition and other school fees as a significant risk requiring special audit consideration.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to reasonableness of tuition and other school fees included, among others, the following:

- obtaining an understanding of the tuition and other school fees revenue recognition policy of the Group and the related processes and controls;

- testing of design and operating effectiveness of internal controls, including information technology general controls (i.e., security administration, program maintenance and program execution) and application controls, related to the Group's recognition and recording of tuition and other school fees, including the related scholarship merits and tuition fee discounts, and payments from students;

- examining students' enrollment transactions (i.e., through examination of tuition bills) and grant of scholarships merits and tuition fee discounts during the academic year;

- performing revenue cut-off test procedures, including, among others, examining tuition bill transactions near period end, and analyzing and reviewing revenue adjustments subsequent to period end to determine whether tuition and other school fees are appropriately recognized in the proper period; and,

- performing substantive analytical review procedures over tuition and other school fees such as, but not limited to, current year's components of tuition and other school fees (e.g., by student population and by institute or college) as a percentage of total revenues, and yearly and monthly analyses of enrolment transactions based on our expectations, which include corroborating evidence from other audit procedures, and verifying that the underlying data used in the analyses are valid and complete.

(b) Assessment of Goodwill Impairment

Description of the Matter

As at May 31, 2017, the balance of goodwill amounts to P186.5 million, which arose from the acquisition of Roosevelt College, Inc. (RCI) in May 2016 as disclosed in Note 1 to the consolidated financial statements. Under PFRS, goodwill, having indefinite useful life, is not subject to amortization but is required to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired. We have identified assessment of goodwill impairment as a key audit matter in our audit because management's assessment process is complex and highly subjective being based on significant assumptions, specifically on the cash generating unit (CGU) where goodwill is allocated to and the future cash flows of that particular CGU, which are affected by expected future market or economic conditions. The more significant management's assumptions include:

- RCI, the CGU on which the goodwill is allocated to, will continue as a going concern;

- RCI will have sufficient financial resources to finance its working capital requirements to achieve its projected forecast and to support the business needs; and,

- RCI's growth in student population and viability of its performance forecasts for the next five years.

The Group's accounting policy on impairment of goodwill is included in Note 2 to the consolidated financial statements and the related disclosures are included in Note 1.

How the Matter was Addressed in the Audit

Our audit procedures included, among others, evaluating the assumptions and methodologies (i.e., discounted cash flows method) used by management, particularly those relating to the forecasted tuition fee rates and number of students assumed to project revenue growth and profit margins of RCI. In doing so, we have considered historical and environmental trends. In addition, based on the results of our audit of the financial statements of RCI as of and for the year ended May 31, 2017, we did not identify events or conditions that may cast significant doubt on RCI's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended May 31, 2017, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended May 31, 2017 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Christopher M. Ferareza.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 5908616, January 3, 2017, Makati City
SEC Group A Accreditation
Partner - No. 1185-AR-1 (until May 11, 2018)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-34-2017 (until Jun. 19, 2020)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

August 15, 2017

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2017 AND 2016 AND MARCH 31, 2016
(Amounts in Philippine Pesos)

	Notes	May 31, 2017	May 31, 2016 (See Note 1)	March 31, 2016
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	8	**P 1,526,201,248**	P 1,213,350,580	P 1,089,584,537
Trade and other receivables - net	9	**446,699,264**	433,168,059	652,219,771
Available-for-sale financial assets	11	**2,139,654,834**	2,156,987,745	2,151,377,898
Held-to-maturity investments	11	**95,148,019**	-	-
Real estate held-for-sale	12	**141,547,959**	121,613,876	121,613,876
Other current assets - net	16	**680,352,309**	230,681,738	212,615,124
Total Current Assets		**5,029,603,633**	4,155,801,998	4,227,411,206
NON-CURRENT ASSETS				
Trade and other receivables - net	9	**1,701,014**	2,176,503	-
Available-for-sale financial assets	11	**138,991,746**	458,092,841	450,192,695
Held-to-maturity investments	11	**241,418,315**	-	-
Investment in an associate	13	**6,585,801**	6,656,734	6,656,734
Property and equipment - net	14	**5,675,099,744**	5,710,321,560	4,423,746,294
Investment property - net	15	**567,045,862**	203,682,720	563,137,344
Goodwill	1	**186,487,019**	186,487,019	-
Deferred tax assets - net	23	**20,272,377**	36,165,350	8,063,668
Other non-current assets	16	**88,942,544**	73,465,689	11,840,122
Total Non-current Assets		**6,926,544,422**	6,677,048,416	5,463,636,857
TOTAL ASSETS		**P 11,956,148,055**	P 10,832,850,414	P 9,691,048,063
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	17	**P 958,063,062**	P 820,191,572	P 602,275,911
Interest-bearing loans	18	**332,857,143**	8,166,667	9,575,440
Derivative liability	10	**33,365,459**	20,520,000	18,072,300
Deferred revenues	19	**75,199,534**	116,258,743	66,763,560
Provisions	28	**19,694,375**	48,467,365	-
Income tax payable		**22,006,031**	53,440,444	51,164,589
Total Current Liabilities		**1,441,185,604**	1,067,044,791	747,851,800
NON-CURRENT LIABILITIES				
Interest-bearing loans	18	**1,617,142,857**	1,484,166,667	704,013,177
Post-employment benefit obligation	22	**59,800,703**	64,710,710	-
Deferred tax liabilities - net	23	**10,697,213**	4,360,135	4,360,135
Other non-current liabilities		**4,696,331**	3,987,592	14,042,052
Total Non-current Liabilities		**1,692,337,104**	1,557,225,104	722,415,364
Total Liabilities		**3,133,522,708**	2,624,269,895	1,470,267,164
EQUITY				
Equity attributable to owners of the parent company				
Capital stock	25	**1,651,435,400**	1,651,435,400	1,651,435,400
Treasury stock - at cost	25	**(49,362,563)**	(38,655,641)	(33,855,641)
Revaluation reserves	11, 22	**39,707,565**	64,043,081	44,997,346
Other reserves	2	**(57,785,452)**	-	-
Retained earnings	25	**5,128,123,327**	4,740,344,176	4,906,624,398
Total equity attributable to owners of parent company		**6,712,118,277**	6,417,167,016	6,569,201,503
Non-controlling interests	25	**2,110,507,070**	1,791,413,503	1,651,579,396
Total Equity		**8,822,625,347**	8,208,580,519	8,220,780,899
TOTAL LIABILITIES AND EQUITY		**P 11,956,148,055**	P 10,832,850,414	P 9,691,048,063

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2017 AND MARCH 31, 2016
AND THE TWO MONTHS ENDED MAY 31, 2016
(Amounts in Philippine Pesos)

	Notes	May 31, 2017 (One Year)	May 31, 2016 (Two Months – See Note 1)	March 31, 2016 (One Year)
REVENUES				
Educational	19			
Tuition fees - net		P 2,710,248,681	P 112,897,745	P 2,847,941,948
Other school fees		106,582,390	9,298,316	70,643,435
		2,816,831,071	122,196,061	2,918,585,383
Rental	15	43,430,248	10,802,341	124,073,069
Management fees	24	-	-	20,449,880
		2,860,261,319	132,998,402	3,063,108,332
COSTS AND OPERATING EXPENSES	20	(2,095,567,965)	(353,456,593)	(1,915,329,117)
OTHER OPERATING INCOME		2,559,803	-	3,235,844
OPERATING INCOME (LOSS)		767,253,157	(220,458,191)	1,151,015,059
FINANCE INCOME	21	180,126,492	31,513,101	171,949,548
FINANCE COSTS	21	(88,837,546)	(6,278,408)	(11,656,699)
OTHER INCOME	2, 17	69,263,938	13,122,882	71,999,234
OTHER CHARGES	13	(70,933)	-	(70,105)
PROFIT (LOSS) BEFORE TAX		927,735,108	(182,100,616)	1,383,237,037
TAX INCOME (EXPENSE)	23	(121,282,797)	15,538,697	(158,338,419)
NET PROFIT (LOSS)		P 806,452,311	(P 166,561,919)	P 1,224,898,618
Attributable to:				
Owners of the parent company	25	P 749,519,197	(P 166,280,222)	P 1,166,023,155
Non-controlling interests		56,933,114	(281,697)	58,875,463
		P 806,452,311	(P 166,561,919)	P 1,224,898,618
Earnings (Loss) Per Share				
Basic and Diluted	26	P 45.61	(P 10.11)	P 70.89

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2017 AND MARCH 31, 2016
AND THE TWO MONTHS ENDED MAY 31, 2016
(Amounts in Philippine Pesos)

	Notes	**May 31, 2017 (One Year)**	May 31, 2016 (Two Months – See Note 1)	March 31, 2016 (One Year)
NET PROFIT (LOSS)		**P 806,452,311**	(P 166,561,919)	P 1,224,898,618
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Fair value gains (losses) on available-for-sale financial assets - net of tax	11			
Fair value gains (losses) during the period		**10,347,633**	22,298,888	(38,385,706)
Fair value gains reclassified to profit or loss		**(36,850,401)**	(3,253,153)	(53,689,984)
		(26,502,768)	19,045,735	(92,075,690)
Item that will not be reclassified subsequently to profit or loss				
Gains on remeasurement of post-employment benefit plan	22	**6,980,564**	-	-
Tax effect	23	**(698,056)**	-	-
		6,282,508		
Other Comprehensive Income (Loss) - Net of tax		**(20,220,260)**	19,045,735	(92,075,690)
TOTAL COMPREHENSIVE INCOME (LOSS)		**P 786,232,051**	(P 147,516,184)	P 1,132,822,928
Attributable to:				
Owners of the parent company		**P 726,604,065**	(P 148,654,871)	P 1,074,618,961
Non-controlling interests		**59,627,986**	1,138,687	58,203,967
		P 786,232,051	(P 147,516,184)	P 1,132,822,928

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2017 AND MARCH 31, 2016
AND THE TWO MONTHS ENDED MAY 31, 2016
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company								
						Retained Earnings				
	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Non-controlling Interests	Total Equity
Balance at June 1, 2016		P 1,651,435,400	(P 38,655,641)	P 62,622,697	P -	P 2,573,733,100	P 2,166,611,076	P 4,740,344,176	P 1,792,833,887	P 8,208,580,519
Transactions with owners										
Issuance of shares of stock	25	-	-	-	-	-	-	-	416,500,000	416,500,000
Acquisition of treasury stock	25	-	(10,706,922)	-	-	-	-	-	-	(10,706,922)
Cash dividends	25	-	-	-	-	-	(361,740,046)	(361,740,046)	(36,095,292)	(397,835,338)
Reduction in non-controlling interest	2	-	-	-	(57,785,452)	-	-	-	(122,359,511)	(180,144,963)
		-	(10,706,922)	-	(57,785,452)	-	(361,740,046)	(361,740,046)	258,045,197	(172,187,223)
Total comprehensive income (loss)										
Net profit for the year		-	-	-	-	-	749,519,197	749,519,197	56,933,114	806,452,311
Other comprehensive income (loss)	11, 22	-	-	(22,915,132)	-	-	-	-	2,694,872	(20,220,260)
		-	-	(22,915,132)	-	-	749,519,197	749,519,197	59,627,986	786,232,051
Balance at May 31, 2017		**P 1,651,435,400**	**(P 49,362,563)**	**P 39,707,565**	**(P 57,785,452)**	**P 2,573,733,100**	**P 2,554,390,227**	**P 5,128,123,327**	**P 2,110,507,070**	**P 8,822,625,347**
Balance at April 1, 2016		P 1,651,435,400	(P 33,855,641)	P 44,997,346	P -	P 2,573,733,100	P 2,332,891,298	P 4,906,624,398	P 1,651,579,396	P 8,220,780,899
Transactions with owners										
Acquisition of treasury stock	25	-	(4,800,000)	-	-	-	-	-	-	(4,800,000)
Acquisition of a new subsidiary	1	-	-	-	-	-	-	-	140,115,804	140,115,804
		-	(4,800,000)	-	-	-	-	-	140,115,804	135,315,804
Total comprehensive income (loss)										
Net loss for the period		-	-	-	-	-	(166,280,222)	(166,280,222)	(281,697)	(166,561,919)
Other comprehensive income	11	-	-	17,625,351	-	-	-	-	1,420,384	19,045,735
		-	-	17,625,351	-	-	(166,280,222)	(166,280,222)	1,138,687	(147,516,184)
Balance at May 31, 2016		P 1,651,435,400	(P 38,655,641)	P 62,622,697	P -	P 2,573,733,100	P 2,166,611,076	P 4,740,344,176	P 1,792,833,887	P 8,208,580,519

	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total	Non-controlling Interests	Total Equity
		Attributable to Owners of the Parent Company								
Balance at April 1, 2015		P 1,651,435,400	(P 33,855,641)	P 136,401,540	P -	P 2,034,503,100	P 2,100,875,055	P 4,135,378,155	P 1,629,470,847	P 7,518,830,301
Transaction with owners										
Cash dividends	25	-	-	-	-	-	(394,776,912)	(394,776,912)	(36,095,418)	(430,872,330)
Appropriations of retained earnings										
Appropriations for the year	25	-	-	-	-	707,500,000	(707,500,000)	-	-	-
Reversal of appropriations during the year	25	-	-	-	-	(168,270,000)	168,270,000	-	-	-
		-	-	-	-	539,230,000	(539,230,000)	-	-	-
Total comprehensive income (loss)										
Net profit for the year		-	-	-	-	-	1,166,023,155	1,166,023,155	58,875,463	1,224,898,618
Other comprehensive loss	11	-	-	(91,404,194)	-	-	-	-	(671,496)	(92,075,690)
		-	-	(91,404,194)	-	-	1,166,023,155	1,166,023,155	58,203,967	1,132,822,928
Balance at March 31, 2016		P 1,651,435,400	(P 33,855,641)	P 44,997,346	P -	P 2,573,733,100	P 2,332,891,298	P 4,906,624,398	P 1,651,579,396	P 8,220,780,899

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2017 AND MARCH 31, 2016
AND THE TWO MONTHS ENDED MAY 31, 2016
(Amounts in Philippine Pesos)

	Notes	May 31, 2017 (One Year)	May 31, 2016 (Two Months – See Note 1)	March 31, 2016 (One Year)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax		P 927,735,108	(P 182,100,616)	P 1,383,237,037
Adjustments for:				
Depreciation and amortization	20	302,109,262	44,988,574	272,615,272
Interest income	21	(105,320,467)	(13,954,639)	(118,254,585)
Interest expense	21	46,753,278	2,738,708	400,899
Other investment income from available-for-sale (AFS) financial assets	21	(38,740,963)	(8,627,316)	(26,133,578)
Unrealized foreign exchange gains - net	21	(36,065,062)	(8,931,146)	(27,561,385)
Share in net losses of an associate	13	70,933	-	70,105
Operating profit (loss) before working capital changes		1,096,542,089	(165,886,435)	1,484,373,765
Decrease (increase) in trade and other receivables		29,777,561	228,614,342	(140,334,630)
Increase in real estate held-for-sale		(46,710,342)	-	-
Increase in other assets		(72,746,889)	(10,154,633)	(8,542,831)
Increase (decrease) in trade and other payables		100,052,024	(56,790,553)	(232,422,774)
Increase in derivative liability		12,845,459	2,447,700	18,072,300
Increase (decrease) in deferred revenues		(41,059,209)	(12,598,455)	20,253,191
Increase (decrease) in provisions		(28,772,990)	48,467,365	-
Increase in post-employment benefit obligation		1,372,501	64,710,710	-
Increase (decrease) in other non-current liabilities		708,739	(123,232,535)	249,034
Cash generated from (used in) operations		1,052,008,943	(24,422,494)	1,141,648,055
Income taxes paid		(105,811,268)	(3,646,805)	(98,140,166)
Net Cash From (Used in) Operating Activities		946,197,675	(28,069,299)	1,043,507,889
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	14	(571,978,810)	(45,509,395)	(333,246,291)
Advance payments for campus construction	16	(404,924,056)	-	-
Acquisition of new subsidiaries	1	(180,144,963)	(662,212,668)	-
Interest received	11	75,493,688	19,352,832	147,713,115
Advances granted to related parties	24	(30,429,613)	(2,073,341)	(35,570,042)
Matured held-to-maturity (HTM) investments	11	30,297,340	-	-
Net acquisitions (disposals) of AFS financial assets		29,754,822	16,595,138	(217,968,211)
Additions to investment properties	15	(26,564,345)	(478,000)	(57,234,963)
Acquisition of HTM investments	11	(15,000,000)	-	-
Collections of advances to related parties	24	2,016,074	5,176,610	74,370,475
Net Cash Used in Investing Activities		(1,091,479,863)	(669,148,824)	(421,935,917)

Forward

	Notes	May 31, 2017 (One Year)	May 31, 2016 (Two Months – See Note 1)	March 31, 2016 (One Year)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of interest-bearing loans	18	**P 470,000,000**	P 800,000,000	P 680,000,000
Proceeds from issuance of preferred shares to a related party under common management	24	**416,500,000**	-	-
Dividends paid	25	**(374,228,241)**	(1,627,770)	(391,463,964)
Interest paid	14	**(32,540,909)**	(1,484,672)	(19,990,694)
Repayments of interest-bearing loans	18	**(12,333,334)**	-	(688,958,043)
Acquisition of treasury shares	25	**(10,706,922)**	(4,800,000)	-
Net Cash From (Used in) Financing Activities		**456,690,594**	792,087,558	(420,412,701)
Cash and Cash Equivalents of Newly-acquired Subsidiary	1	**-**	28,115,587	-
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**1,442,262**	781,021	978,009
NET INCREASE IN CASH AND CASH EQUIVALENTS		**312,850,668**	123,766,043	202,137,280
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**1,213,350,580**	1,089,584,537	887,447,257
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P 1,526,201,248**	P 1,213,350,580	P 1,089,584,537

Supplemental Information on Noncash Investing and Financing Activities:

1) During the periods ended May 31, 2017 and May 31, 2016, the University acquired 17.73% and 79.72% equity interest in a school for P179.7 million and P808.3 million, respectively, of which P36.2 million and P146.1 million, respectively, were not paid in the period of acquisition (see Note 17).

2) The Group capitalized borrowing costs amounting to P4.0 million for the period ended May 31, 2016, which remained unpaid as at May 31, 2016 (see Note 17), and P19.6 million for the year ended March 31, 2016, which were fully paid as at March 31, 2016, hence, shown as part of acquisitions of property and equipment (see Note 14).

3) During the years ended May 31, 2017 and March 31, 2016, certain assets amounting to P349.0 million and P103.9 million, respectively, were reclassified from Investment Property to Property and Equipment, and certain assets amounting to P26.8 million and P9.9 million, respectively, were classified as Real Estate Held for Sale to Investment Property (see Notes 12, 14 and 15).

4) During the years ended May 31, 2017 and March 31, 2016, the University declared cash dividends totaling P361.7 million and P394.8 million, respectively, of which, P21.9 million and P11.9 million, respectively, were not paid in the year of declaration (see Notes 17 and 25).

5) During the year ended May 31, 2017, the University reclassified investments from Available-for-sale Financial Assets amounting to P335.8 million to Held-to-maturity Investments (see Note 11).

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2017 AND 2016 AND MARCH 31, 2016
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Background of the University

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

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

Several programs of FEU, such as Liberal Arts, Applied Mathematics, Biology, Accountancy, Business Administration, Tourism, Fine Arts, and Education, are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation.

As at May 31, 2017 and 2016 and March 31, 2016, the University holds interest in the following subsidiaries and associate which were all incorporated and are operating in the Philippines (see also Notes 1.2 and 13):

	Percentage of Effective Ownership		
Company Name	**May 31, 2017**	May 31, 2016	March 31, 2016
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	**100%**	100%	100%
Far Eastern College – Silang, Inc. (FECSI)	**100%**	100%	100%
FEU Alabang, Inc. (FEUAI)	**100%**	100%	100%
FEU High School, Inc. (FEU High)	**100%**	100%	100%
Roosevelt College, Inc. (RCI)	**97.43%**	79.72%	-
Roosevelt College Educational Enterprises (RCEE)*	**97.43%**	79.72%	-
Fern Realty Corporation (FRC)	**37.52%**	37.52%	37.52%
Associate –			
Juliana Management Company, Inc. (JMCI)	**49%**	49%	49%

** Indirectly through the University's ownership of RCI which owns 100% ownership interest in RCEE (see Note 1.2)*

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

Similar to the University, EACCI, FECSI, FEUAI and RCI were established to operate as educational institutions offering general courses of study. FRC, on the other hand, operates as a real estate company leasing most of its investment properties to the University and other related parties, while RCEE is presently engaged in selling educational school supplies and snacks in the campuses of RCI.

On June 24, 2014, FEU High was established to offer and conduct enhanced basic education programs. It is now offering various tracks for senior high school in response to the implementation of the K-12 program.

As at May 31, 2017, FEUAI is the only subsidiary of the University that has not yet started commercial operations, and will be conferred as a school by the Department of Education and Commission on Higher Education only after the construction of its school building (see Note 14).

1.2 Acquisition of New Subsidiaries

On May 12, 2016, pursuant to the Share Purchase Agreement (SPA) entered into between FEU and the selling stockholders of RCI for the sale and purchase of 99.42% of RCI's issued and outstanding shares, the University acquired a total of 235,427 shares of stock of RCI. The acquired shares account for 79.72% of the total outstanding shares of RCI, thereby, making it a subsidiary of the University as of May 31, 2016.

During the year ended May 31, 2017, the University acquired additional 52,349 shares of stock of RCI from various selling stockholders of RCI. The additional shares are equivalent to 17.71% of the total outstanding shares of RCI. As of May 31, 2017, the University already owns 97.43% of RCI's total outstanding shares.

As of May 31, 2017 and 2016, RCI owns 100% ownership interest in RCEE which was incorporated in 1992.

As at the acquisition date, the fair value of the University's share in RCI's net identifiable assets amounts to P621.8 million resulting to the recognition of goodwill amounting to P186.5 million. The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the University and RCI. The goodwill recognized is subject to annual impairment testing (see Notes 2.4 and 2.16).

The table that follows summarizes the consideration paid for the equity interest of RCI's selling shareholders and the assets acquired and liabilities assumed, as well as the fair value at the acquisition date of the non-controlling interests (NCI) in RCI. For purposes of determining the goodwill, the University determined the fair value of the identified net assets as of May 12, 2016.

Consideration given:		
Cash	P	662,212,668
Retention payable		146,061,137
Assumed liabilities		24,000,000
		832,273,805
Identifiable assets acquired and liabilities assumed:		
Cash		28,115,587
Trade and other receivables – net		17,870,843
Property and equipment – net		1,019,114,171
Other assets		9,307,899
Trade and other payables	(	68,942,169)
Deferred revenues	(	62,093,638)
Due to related parties	(	31,960,094)
Loans payable	(	12,333,334)
Post-employment benefit obligation	(	64,710,710)
Provisions	(	48,467,365)
Net identifiable assets		785,901,190
NCI in RCI	(	140,115,804)
		621,786,786
Goodwill	P	186,487,019

Pursuant to the SPA, portion of the cash consideration given is retained by the University to ensure compliance by the selling shareholders of RCI to certain terms of the SPA (see Note 17).

1.3 Change in Fiscal Year

On March 15, 2016, the University's Board of Trustees (BOT) approved the amendment of its by-laws for the change in the University's current fiscal year from a fiscal year beginning April 1 and ending March 31 to a fiscal year beginning June 1 and ending May 31 [see also Note 2.1(b)]. Its amended by-laws were approved by the SEC on June 29, 2016 and its application for the change in fiscal year was approved by the Bureau of Internal Revenue (BIR) on June 30, 2016, with the change reckoning effectivity on June 1, 2016.

Also, on April 7, 2016, EACCI's Board of Directors (BOD) approved the amendment of its by-laws for the change in its current fiscal year from a fiscal year beginning May 1 and ending April 30, to a fiscal year beginning July 1 and ending June 30. Its amended by-laws were approved by the SEC on May 23, 2016 and its application for the change in fiscal year was approved by the BIR on April 22, 2016, with the change reckoning effectivity on July 1, 2016.

1.4 Other Corporate Information

The University also has a campus in Makati, which offers Law, Accountancy, Business and Information Technology education.

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

FEU and FEU High	-	Nicanor Reyes, Sr. Street, Sampaloc, Manila
EACCI	-	P. Paredes Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
FEUAI	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
FRC	-	Administration Building, FEU Compound, Nicanor Reyes, Sr. Street, Sampaloc, Manila
RCI	-	No. 54 J. P. Rizal Street, Lamuan, Marikina City
RCEE	-	Roosevelt College Compound, Sumulong Highway, Cainta, Rizal
JMCI	-	E. Rodriguez Jr. Avenue corner Cpl. Cruz St., Bagong Ilog, Pasig City

1.5 Approval for Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended May 31, 2017 (including the comparative consolidated financial statements as of and for the two months ended May 31, 2016 and the year ended March 31, 2016) were authorized for issue by the BOT on August 15, 2017.

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 and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of the Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of the Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents consolidated statements of comprehensive income separate from the consolidated statements of profit or loss.

The Group presents two comparative periods for the consolidated statements of financial position regardless whether the Group has or does not have retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

The consolidated financial statements for the two months ended May 31, 2016 had been prepared in connection with the Group's change in reporting period as discussed in detail in Note 1.3.

(c) Functional Currency

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

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

2.2 Adoption of Amended PFRS

(a) Effective in Fiscal Year 2017 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on January 1, 2016 but had no significant effect on the consolidated financial statements:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Disclosure Initiative
PAS 16 and 38 (Amendments)	:	Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
PFRS 10, PFRS 12 and PAS 28 (Amendments)	:	Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception
Annual Improvements	:	Annual Improvements to PFRS (2012-2014 Cycle)

Discussed as follows are relevant information about these amendments and improvements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure Initiative*. The amendments encourage entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, they clarify that the materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendments clarify that an entity's share in other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. They further clarify that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(ii) PAS 16 (Amendments), *Property, Plant and Equipment*, and PAS 38 (Amendments), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization*. The amendments in PAS 16 clarify that a depreciation method that is based on revenue generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendments to PAS 38 introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendments also provide guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iii) PFRS 10 (Amendments), *Consolidated Financial Statements*, PFRS 12 (Amendments), *Disclosure of Interests in Other Entities*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception*. These amendments address the concerns that have arisen in the context of applying the consolidation exception for investment entities. They clarify which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarify whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. These amendments also permit a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries. In addition, PFRS 12 has been amended to clarify that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by PFRS 12.

(iv) Annual Improvements to PFRS (2012-2014 Cycle). Among the improvements, the following amendments are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify the existing requirements:

- PAS 19 (Amendments), *Employee Benefits – Discount Rate: Regional Market Issue*. The amendments clarify that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

- PFRS 7 (Amendments), *Financial Instruments – Disclosures*. The amendments provide additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

(b) Effective in Fiscal Year 2017 that are not Relevant to the Group

The following new PFRS, amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2016 but are not relevant to the Group's consolidated financial statements:

PAS 16 and 41 (Amendments)	:	Property, Plant and Equipment, and Agriculture – Bearer Plants
PAS 27 (Amendments)	:	Separate Financial Statements – Equity Method in Separate Financial Statements
PFRS 11 (Amendments)	:	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
PFRS 14	:	Regulatory Deferral Accounts
Annual Improvements to PFRS (2012-2014 Cycle)		
PAS 34 (Amendments)	:	Interim Financial Reporting – Disclosure of Information "Elsewhere in the Interim Financial Report"
PFRS 5 (Amendments)	:	Non-current Assets Held for Sale and Discontinued Operations – Changes in Method of Disposal
PFRS 7 (Amendments)	:	Financial Instruments: Disclosures – Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements

(c) Effective Subsequent to Fiscal Year 2017 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2017, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements.

(i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). They require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, the amendments suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

(ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses* (effective from January 1, 2017). The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference.

(iii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Management is currently assessing the impact of PFRS 9 (2014) on the consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(iv) PFRS 15, *Revenues from Contracts with Customers* (effective from January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Relative to the adoption of PFRS 15 in the Philippines, the FRSC also approved the issuance of Philippine Interpretations Committee Question & Answer No. 2016-04, Application of PFRS 15, "*Revenue from Contracts with Customers," on Sale of Residential Properties under Pre-completion Contracts*, which provides that sales of residential properties under pre-completion stage can be recognized over time until completion of construction.

Management is currently assessing the impact of this standard on the Group's consolidated financial statements.

(v) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right of use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management is currently assessing the impact of this new standard in its consolidated financial statements.

(vi) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the University and its subsidiaries as enumerated in Note 1.1 after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. In addition, shares of stock of the parent company held by the subsidiaries are recognized as treasury stocks and are presented as deduction in the consolidated statement of changes in equity. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The following subsidiaries prepare their financial statements for their respective reporting periods using consistent accounting principles as that of the University:

March 31	-	FEU High, FECSI, FRC and FEUAI
May 31	-	RCI and RCEE
June 30	-	EACCI

The University accounts for its investments in subsidiaries, an associate and NCIs as follows:

(a) *Investments in Subsidiaries*

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Group obtains control. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries (see Note 2.4).

(b) *Investment in an Associate*

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

Acquired investment in an associate is also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognized as investment in an associate. All subsequent changes to the share in the equity of the associate are recognized in the carrying amount of the University's investment.

Changes resulting from the profit or loss generated by the associate, if any, are reported as Other Income or Other Charges, respectively, in the Group's consolidated statements of profit or loss and, therefore, affect the net results of operations of the Group.

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

Distributions received from the associate (e.g., dividends) are accounted for as a reduction of the carrying value of the investment.

In computing the University's share in net profit or loss of the associate, unrealized gains or losses on transactions between the University and its associate are eliminated to the extent of the University'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 NCIs

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

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

2.4 Business Combinations

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

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

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.16).

Gain on bargain purchase, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income. For the purpose of impairment testing (see Note 2.16), goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

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

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

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

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in consolidated profit or loss. A more detailed description of the categories of financial assets that are relevant to the Group follows.

(i) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments.

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

The Group entered into a cross-currency swap agreement to manage its risks associated with fluctuations in foreign currency-denominated investments in corporate bonds. The host instruments were classified as AFS financial assets for the periods ended May 31, 2016 and March 31, 2016, which were subsequently reclassified to HTM investments during the year ended May 31, 2017 (see Note 11.2). Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is favorable to the Group and as liabilities when the fair value is favorable to the counterparty (see Note 2.10). Thus, if derivative asset is recognized, it is presented as Financial Asset at FVTPL; otherwise, it is presented as Derivative Liability in the consolidated statements of financial position.

The Group's derivative instruments provide economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken up directly in consolidated profit or loss for the period [see Note 3.2(b)].

(ii) 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.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to officers and employees), as part of Other Current Assets, with respect to short-term investments, and as part of Other Non-current Assets, with respect to refundable deposits, in the consolidated statements of financial position.

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

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(iii) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. If the Group were to sell other than an insignificant amount of HTM investments, the whole category would be tainted and reclassified to AFS financial assets. The Group currently holds corporate bonds designated into this category.

Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method, less impairment losses, if any.

(iv) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed equity securities, corporate and government bonds, and unit investment trust funds (UITF).

All financial assets within this category are subsequently measured at fair value, except for equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost, less impairment loss, if any. Gains and losses from changes in fair value of AFS financial assets are recognized in consolidated other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity. Interest and dividend income, impairment losses and foreign exchange differences on monetary assets are recognized in consolidated profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in consolidated other comprehensive income is reclassified from equity to consolidated profit or loss and is presented as reclassification adjustment within consolidated other comprehensive income even though the financial asset has not been derecognized.

(b) Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group recognizes impairment loss based on the category of financial assets as follows:

(i) Carried at Amortized Cost – Loans and Receivables and HTM Investments

If there is objective evidence that an impairment loss on loans and receivables or HTM investments carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in consolidated profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in consolidated profit or loss.

(ii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in consolidated other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in consolidated profit or loss – is reclassified from Revaluation Reserves to consolidated profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in consolidated profit or loss on equity instruments are not reversed through consolidated profit or loss. Reversal of impairment losses is recognized in consolidated other comprehensive income, except for financial assets that are debt securities, which are recognized in consolidated profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(c) Items of Income and Expense Related to Financial Assets

All income and expenses, except those arising from operating activities, relating to financial assets that are recognized in consolidated profit or loss are presented as part of Finance Income or Finance Costs in the consolidated statement of profit or loss.

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

(d) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.6 Real Estate Held-for-Sale

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

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

Real estate held-for-sale is expected to be sold within the normal operating cycle of FRC.

2.7 Property and Equipment

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

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

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

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

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

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

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

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

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

2.8 Investment Property

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

Construction in progress includes condominium units of FRC that are still under construction. The asset is not depreciated until such time that the assets are completed and available for use.

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

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property and Equipment up to the date of change in use (see Note 2.7).

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 consolidated profit or loss in the year of retirement or disposal.

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

2.9 Prepayments and Other Assets

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

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

2.10 Financial Liabilities

Financial liabilities, which include trade and other payables [except tax-related liabilities and National Service Training Program (NSTP) trust fund], interest-bearing loans, derivative liability, and refundable deposits, which is presented under the Other Non-current Liabilities account, are recognized when the Group becomes a party to the contractual terms of the instrument.

Trade and other payables account include Deposits payable which represents funds collected from students or entities and are held by the Group. The Group has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit. This account also includes Trust funds which represent restricted funds of the University, FECSI and EACCI that are intended for student's NSTP and other specific educational purposes [see also Note 2.13(a)]. The University, FECSI and EACCI administer the use of these NSTP trust funds based on the specific purpose for which such funds are identified with.

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

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

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Group's BOD or BOT.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the reporting period, or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.11 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.12 Provisions and Contingencies

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

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

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

2.13 Revenue and Expense Recognition

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

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

(a) *Tuition and other school fees* – Revenue is recognized in consolidated profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in consolidated profit or loss until the next reporting period and are presented as part of the Deferred Revenues account in the consolidated statement of financial position. Revenues from NSTP trust funds (see Note 2.10) are recognized upon fulfillment of conditions attached to the fund and/or up to the extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are recorded as NSTP trust fund under the Trade and Other Payables account in the consolidated statement of financial position.

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

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

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

(e) *Income from sale of books and other educational-related merchandise* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer. This is generally when the customer has acknowledged delivery of goods. The sale of this merchandise is made exclusively for the students of the University and FECSI. This auxiliary income is presented as part of Other Income in the consolidated statements of profit or loss.

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

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

2.14 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

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

(b) *Group as Lessor*

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

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

2.15 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the period 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as AFS financial assets are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in consolidated profit or loss, and other changes in the carrying amount are recognized in consolidated other comprehensive income.

2.16 Impairment of Non-financial Assets

The Group's investment in an associate, property and equipment, investment property, and certain other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, as indicated in Note 2.4, is tested for impairment annually.

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

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

All assets, except goodwill for which impairment loss is not reversed (see Note 2.4), are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.17 Employee Benefits

The Group, except RCI, provides post-employment benefits to employees through a defined contribution plan subject to compliance to a minimum guarantee required by Republic Act (RA) No. 7641, *The Retirement Pay Law*, which is accounted for as a defined benefit plan, and various compensations mandated by law. Such application of the minimum guarantee prescribed by RA No. 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 (Revised), *Employee Benefits – Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of RA 7641*.

(a) Post-employment Benefits

The Group maintains defined contribution and defined benefit plans. Under the defined contribution plan, the Group (except RCI) pays fixed contributions based on the employees' monthly salaries.

RCI, which does not have a formal post-employment benefit plan, bases its determination of post-employment benefit obligation on RA No. 7641, which is considered a defined benefit plan. RA No. 7641 provides for a qualified employee a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641. The legal obligation for any benefits from this kind of post-employment plan remains with the entity even if plan assets, if any, for funding the defined benefit plan have been acquired.

The whole Group, however, is covered by RA No. 7641. Accordingly, the Group, except RCI, recognizes its post-employment benefit obligation based on the higher of the defined benefit obligation relating to the minimum guarantee required by RA No. 7641 and the obligation arising from the defined contribution plan. RCI accrues its post-employment benefit obligation solely based on minimum guarantee requirement of RA No. 7641.

For defined benefit plan, the liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period. The DBO is calculated annually by an independent actuary using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds as published by Philippine Dealing & Exchange Corp., that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in consolidated other comprehensive income in the period in which they arise. Net interest expense and other expenses related to the defined benefit plan are recognized in the consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in consolidated profit or loss. The Group recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

The defined contribution, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or, (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) Compensated Absences

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

2.18 Borrowing Costs

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

Investment income, if any, earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.19 Income Taxes

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

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

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

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

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

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and deferred tax liabilities are offset only if the University or any of its subsidiaries has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.20 Related Party Transactions and Relationships

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

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

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

2.21 Equity

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

Treasury stocks are stated at the cost of reacquiring such shares and are deducted from equity attributable to the University's equity holders until the shares are cancelled, reissued or disposed of. This also includes shares of the parent company held by a certain subsidiary (see Note 2.3).

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

Other reserves refer to the amount attributable to the parent company arising from the changes in the ownership of the NCI in the Group.

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

NCI represents the interests not held by the Group in FRC and RCI. It also includes the preferred shares of stock of EACCI and FEUAI issued to a stockholder outside of the Group but under the Group's common management (see Note 25.4).

2.22 Earnings (Loss) Per Share

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

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. The Group does not have dilutive potential shares outstanding that would require disclosure of diluted EPS in the consolidated statement of profit or loss.

2.23 Events After the End of the Reporting Period

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

2.24 Segment Reporting

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

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 7, which represent the main products and services provided by the Group.

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

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements.

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Classification of Financial Assets as HTM Investments

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

(b) Impairment of AFS Financial Assets

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

Based on the recent evaluation of information and circumstances affecting the Group's AFS Financial Assets, management concluded that the assets are not impaired as at May 31, 2017 and 2016 and March 31, 2016. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(c) Determination of Control of Entities in which the University Holds Less than 50%

Management considers that the University has de facto control of FRC even though it holds less than 50% of the ordinary shares and voting rights in the latter. Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of the BOD and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University (see Note 1.1).

On the other hand, JMCI is not considered a subsidiary because the Group does not make financial or operational decisions for the benefit of JMCI. It only has significant influence over the entity.

(d) Amortization of Leasehold Improvements

The Group's leasehold improvements, which are included as part of the building and improvements, are amortized over 20 years, which is the estimated useful life of the asset (see Notes 2.7 and 14) regardless of the term of the lease contracts which is usually shorter than the expected useful life of the improvements because it is highly probable that the lease contract will be renewed before the end of such contract. A decision by management not to renew its lease agreement will result in a significant impact on its consolidated profit or loss in the period such decision is made.

(e) Distinction between Investment Properties and Owner-managed Properties

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

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately under finance lease), the 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.

(f) Distinction between Operating and Finance Lease

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

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Note 2.12 and relevant disclosures are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

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

(a) Estimation of Impairment of Trade and Other Receivables

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

The Group constantly reviews the age and status of receivables and identifies accounts that should be provided with allowance. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 9.

(b) Determination of Fair Value Measurement for Financial Instruments other than Loans and Receivables

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's AFS financial assets and HTM investments and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 11. On the other hand, fair value gains or losses on cross-currency swap agreements are presented as part of Fair value gains or losses on financial assets at FVTPL under Finance Income or Finance Costs in the consolidated statement of profit or loss (see Note 21).

(c) Estimation of Useful Lives of Property and Equipment and Investment Property

The Group estimates the useful lives of property and equipment and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment and investment property are presented in Notes 14 and 15, respectively.

Based on management's assessment as at May 31, 2017 and 2016 and March 31, 2016, there is no change in the estimated useful lives of the assets during those years. Actual results, however, may vary due to changes in factors mentioned above.

(d) Determination of Fair Value of Investment Properties

Investment property is measured using the cost model. In determining the fair value of these assets for disclosure purposes, the Group engages the services of a professional and independent appraiser applying the relevant valuation methodologies as discussed in Note 6.

For investment property with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

For investment property without appraisal report, the fair value disclosed in the consolidated financial statements is determined by the Group using the discounted cash flows valuation technique since information on appraisal reports is not readily available. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

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

(e) Estimation of Impairment of Non-financial Assets

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

Based on management's assessment, no impairment loss is required to be recognized on the investment in an associate, investment property, property and equipment, goodwill, and certain other non-financial assets during the periods ended May 31, 2017 and 2016 and March 31, 2016.

(f) *Determination of Recoverability of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets as at May 31, 2017 and 2016 and March 31, 2016 are fully recoverable and will be fully utilized within the prescribed periods, except for the related benefits of net operating loss carryover (NOLCO) and other temporary differences of certain subsidiaries which are not recognized, because it expects that the Group will generate sufficient taxable profits in the future against which the assets can be applied (see Note 23).

(g) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 22(b).

(h) *Business Combinations*

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management used the expertise of an independent appraiser (for property and equipment) and estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in consolidated profit or loss in the subsequent period. Details of acquired assets and liabilities assumed are given in Note 1.2.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

4.1 Market Risk

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange risk arise from certain AFS financial assets and HTM investments which are denominated in US dollars. The Group also holds US dollar-denominated cash and cash equivalents.

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

US dollar-denominated financial assets, translated into Philippine pesos at the closing rate follow:

	Short-term exposure	**Long-term exposure**
May 31, 2017	**P 135,119,293**	**P 480,611,523**
May 31, 2016	P 344,269,806	P 305,342,055
March 31, 2016	P 241,784,235	P 327,849,712

The table below illustrates the sensitivity of the Group's profit or loss before tax and equity with respect to changes in Philippine peso against USD exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous periods (for the years ended May 31, 2017 and March 31, 2016 and the two months ended May 31, 2016) at a 68% confidence level.

	May 31, 2017 (One Year)			May 31, 2016 (Two Months)			March 31, 2016 (One Year)		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in loss before tax	Effect in equity	Reasonably possible change in rate	Effect in profit before tax	Effect in equity
PhP - USD	**26.27%**	**(P 161,752,485)**	**(P 145,577,237)**	1.91%	P 12,407,587	P 11,166,828	3.82%	(P 21,760,017)	(P 19,584,015)

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

(b) Interest Rate Risk

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

	Notes	May 31, 2017	May 31, 2016	March 31, 2016
Cash and cash equivalents	8	**P 1,524,445,857**	P 1,213,053,034	P 1,089,286,991
AFS financial assets (debt securities)	11	**1,132,522,593**	1,414,636,967	1,385,480,143
Short-term investments	16	**141,111,522**	133,393,114	121,650,300
Interest-bearing loans	18	**(1,950,000,000)**	(1,480,000,000)	(680,000,000)
		P 848,079,972	P 1,281,083,115	P 1,916,417,434

The following table illustrates the sensitivity of the Group's consolidated profit or loss before tax for the periods with regard to the Group's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the two previous 12 months ended May 31, 2017 and March 31, 2016 and the two months ended May 31, 2016, estimated at a 68% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at May 31, 2017 and 2016 and March 31, 2016.

	May 31, 2017 (One Year)		May 31, 2016 (Two Months)		March 31, 2016 (One Year)	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on loss before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	**+/-0.12%**	**P 1,829,335**	+/-0.01%	(P 121,305)	+/-0.12%	P 1,307,144
AFS financial assets (debt securities)	**+/-0.45%**	**5,096,352**	+/-0.03%	(424,391)	+/-0.34%	4,710,632
Short-term investments	**+/-0.45%**	**635,002**	+/-0.03%	(413,611)	+/-0.34%	413,611
Interest-bearing loans	**+/-0.58%**	**(11,310,000)**	+/-0.27%	3,996,000	+/-0.53%	(3,604,000)
		(P 3,749,311)		P 2,036,693		P 2,827,388

(c) Other Price Risk

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

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

For equity securities listed in the Philippines, an average volatility of 12.71%, 5.61% and 15.53% have been observed for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively. If quoted prices for these securities increased or decreased by that percentage, other comprehensive income (loss) would have changed by P105.6 million, P42.3 million and P106.5 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively.

No sensitivity analysis was provided for government and corporate bonds, and investments in UITF classified as AFS financial assets as management deemed that the risk at the end of the periods is not representative of a risk inherent in financial instruments.

The investments are considered medium to long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments, except as discussed in Notes 10 and 11 in connection with its investment in certain foreign currency-denominated corporate debt instruments which are also subject to a cross-currency swap agreement. The investments are continuously monitored to ensure that returns of these equity instruments are timely utilized or reinvested in the Group's favor.

4.2 Credit Risk

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

The Group has established controls and procedures to minimize risks of non-collection. Students are generally not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid. The Group also withholds the academic records and clearance of the students with unpaid balances, thus, ensuring that collectibility is reasonably assured. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through setting limits and monitoring closely the said accounts.

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

	Notes	**May 31, 2017**	May 31, 2016	March 31, 2016
Cash and cash equivalents	8	**P 1,526,201,248**	P 1,213,350,580	P 1,089,584,537
Trade and other receivables - net	9	**439,330,650**	427,799,131	647,249,244
AFS financial assets (debt securities)	11	**1,132,522,593**	1,414,636,967	1,385,480,143
HTM investments	11	**336,566,334**	-	-
Short-term investments	16	**141,111,522**	133,393,114	121,650,300
Refundable deposits	16	**7,644,089**	7,763,044	9,010,122
		P 3,583,376,436	P 3,196,942,836	P 3,252,974,346

The table below shows the credit quality of the Group's financial assets as at May 31, 2017 and 2016 and March 31, 2016 having past due but not impaired components.

	Notes	Neither past due nor impaired	Past due and impaired	Total
May 31, 2017				
Cash and cash equivalents	8	**P 1,526,201,248**	P -	P 1,526,201,248
Trade and other receivables - net	9	**382,812,059**	56,518,591	439,330,650
AFS financial assets (debt securities)	11	**1,132,522,593**	-	1,132,522,593
HTM investments	11	**336,566,334**	-	336,566,334
Short-term investments	16	**141,111,522**	-	141,111,522
Refundable deposits	16	**7,644,089**	-	7,644,089
		P 3,526,857,845	**P 56,518,591**	**P 3,583,376,436**
May 31, 2016				
Cash and cash equivalents	8	P 1,213,350,580	P -	P 1,213,350,580
Trade and other receivables - net	9	371,150,487	56,648,644	427,799,131
AFS financial assets (debt securities)	11	1,414,636,967	-	1,414,636,967
Short-term investments	16	133,393,114	-	133,393,114
Refundable deposits	16	7,763,044	-	7,763,044
		P 3,140,294,192	P 56,648,644	P 3,196,942,836
March 31, 2016				
Cash and cash equivalents	8	P 1,089,584,537	P -	P 1,089,584,537
Trade and other receivables - net	9	599,684,045	47,565,199	647,249,244
AFS financial assets (debt securities)	11	1,385,480,143	-	1,385,480,143
Short-term investments	16	121,650,300	-	121,650,300
Refundable deposits	16	9,010,122	-	9,010,122
		P 3,205,409,147	P 47,565,199	P 3,252,974,346

The Group's management considers that all the financial assets presented in the preceding table are not impaired and of good credit quality, except those specifically provided with allowance for impairment at the end of the reporting periods. The age of past due but unimpaired receivables is about six months but not more than one year for each of the three periods presented.

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

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables

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

(c) AFS Financial Assets and HTM Investments

AFS financial assets and HTM investments are coursed through reputable financial institutions duly approved by the BOT of the University and BOD of the subsidiaries.

4.3 Liquidity Risk

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

As of May 31, 2017 and 2016 and March 31, 2016, the Group's financial liabilities have contractual maturities as follows:

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
May 31, 2017			
Trade and other payables	P 847,274,757	P 58,596,139	P -
Interest-bearing loans	115,367,043	280,528,360	1,792,541,499
Derivative liability	33,365,459	-	-
Refundable deposits (presented under Other Non-current Liabilities)	-	-	4,548,626
	P 996,007,259	**P 339,124,499**	**P 1,797,090,125**

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
May 31, 2016			
Trade and other payables	P 633,620,015	P 10,227,647	P -
Interest-bearing loans	25,637,307	14,556,348	2,348,152,551
Derivative liability	20,520,000	-	-
Refundable deposits (presented under Other Non-current Liabilities)	-	-	6,176,168
	P 679,777,322	P 24,783,995	P 2,354,328,719
March 31, 2016			
Trade and other payables	P 536,690,884	P 10,227,647	P -
Interest-bearing loans	14,240,259	14,922,682	787,435,982
Derivative liability	18,072,300	-	-
Refundable deposits (presented under Other Non-current Liabilities)	-	-	6,176,168
	P 569,003,443	P 25,150,329	P 793,612,150

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of financial assets and financial liabilities measured at fair value and an investment carried at amortized cost but whose fair value is required to be disclosed are shown below.

		May 31, 2017		May 31, 2016		March 31, 2016	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets							
AFS financial assets:							
Debt securities	11	**P 1,132,522,593**	**P 1,132,522,593**	P 1,414,636,967	P 1,414,636,967	P 1,385,480,143	P 1,385,480,143
Equity securities	11	**1,146,123,987**	**1,146,123,987**	1,200,443,619	1,200,443,619	1,216,090,450	1,216,090,450
		2,278,646,580	**2,278,646,580**	2,615,080,586	2,615,080,586	2,601,570,593	2,601,570,593
HTM investments – Debt securities	10	**336,566,334**	**343,972,540**	-	-	-	-
Other non-current asset – Investment in golf club shares	16	**1,880,594**	**1,880,594**	4,829,930	4,829,930	2,830,000	2,830,000
		P 2,617,093,508	**P 2,624,499,714**	P 2,619,910,516	P 2,619,910,516	P 2,604,400,593	P 2,604,400,593
Financial liability							
Derivative liability – Cross-currency swaps	10	**P 33,365,459**	**P 33,365,459**	P 20,520,000	P 20,520,000	P 18,072,300	P 18,072,300

Except for the financial assets and financial liability presented, the Group has no other financial assets and/or financial liabilities that are carried at fair value or that are not carried at fair value but are required to be disclosed at fair value (see Note 6.3).

Management determined that the carrying amounts of the other financial instruments are equal to or approximate their fair values; hence, no further comparison between their carrying amounts and fair values is presented.

See Notes 2.5 and 2.10 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The Group's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Other Current Assets account in the consolidated statements of financial position (see Notes 8 and 16) are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2017 and 2016 and March 31, 2016 are as follows:

	Gross amounts recognized in the consolidated statements of financial position		Net amount presented in the consolidated financial statements of position	Related amounts that can potentially be set-off in the consolidated statements of financial position		
	Financial assets	Financial liabilities set-off		Financial instruments	Cash collateral received	Net amount
May 31, 2017	**P 61,309,685**	**P -**	**P 61,309,685**	**(P1,950,000,000)**	**P -**	**(P1,888,690,315)**
May 31, 2016	P 64,715,055	P -	P 64,715,055	(P1,480,000,000)	P -	(P1,415,284,945)
March 31, 2016	P 14,768,628	P -	P 14,768,628	(P 680,000,000)	P -	(P 665,231,372)

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., depository bank) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis.

All other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (i.e., related parties) will have the option to settle all such amounts on a net basis through the approval by both parties' BOT or BOD. As such, the Group's outstanding receivables from and payables to the same related parties, if any, can potentially be offset to the extent of their corresponding outstanding balances.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurable date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.2 Financial Instruments Measurement at Fair Value

The foregoing tables show the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of May 31, 2017 and 2016 and March 31, 2016.

	Level 1	Level 2	Level 3	Total
May 31, 2017				
AFS financial assets:				
Debt securities:				
Government	P 479,989,235	P -	P -	P 479,989,235
Corporate	652,533,358	-	-	652,533,358
Equity securities	830,661,127	315,462,860	-	1,146,123,987
Other non-current asset –				
Investment in golf club shares	-	1,880,594	-	1,880,594
	P 1,963,183,720	**P 317,343,454**	**P -**	**P 2,280,527,174**
Derivative liability –				
Cross-currency swaps	**P -**	**(P 33,365,459)**	**P -**	**(P 33,365,459)**
May 31, 2016				
AFS financial assets:				
Debt securities:				
Government	P 481,871,388	P -	P -	P 481,871,388
Corporate	932,765,579	-	-	932,765,579
Equity securities	754,334,231	446,109,388	-	1,200,443,619
Other non-current asset –				
Investment in golf club shares	-	4,829,930	-	4,829,930
	P 2,168,971,198	P 450,939,318	P -	P 2,619,910,516
Derivative liability –				
Cross-currency swaps	P -	(P 20,520,000)	P -	(P 20,520,000)

	Level 1	Level 2	Level 3	Total
March 31, 2016				
AFS financial assets:				
Debt securities:				
Government	P 429,388,667	P -	P -	P 429,388,667
Corporate	956,091,476	-	-	956,091,476
Equity securities	685,651,518	530,438,932	-	1,216,090,450
Other non-current asset –				
Investment in golf club shares	-	2,830,000	-	2,830,000
	P 2,071,131,661	P 533,268,932	P -	P 2,604,400,593
Derivative liability –				
Cross-currency swaps	P -	(P 18,072,300)	P -	(P 18,072,300)

There were neither transfers between levels nor changes in levels of classification of instruments in all the years presented.

Following are the information about how the fair values of the Group's classes of financial assets and financial liabilities are determined.

a) *Equity Securities*

As of May 31, 2017 and 2016 and March 31, 2016, instruments included in Level 1 comprise of corporate shares and UITF which are classified as AFS financial assets. The corporate shares were valued based on their market prices quoted in the PSE at the end of each reporting period. On the other hand, certain underlying assets of the UITF are in equity securities. Thus, UITF is included in Level 2 and valued based on the Net Asset Value per unit (NAVPU) of the fund, as computed by the banks. NAVPU is computed by dividing the total fair value of the fund by the total number of units at the end of each reporting period.

Golf club shares, which are presented as part of the Other Non-current Assets account in the consolidated statements of financial position, are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

b) *Debt Securities*

The fair value of the Group's debt securities, which consist of government and corporate bonds, is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

c) *Derivatives*

Derivatives classified as financial asset at FVTPL or as derivative liability are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

As of May 31, 2017, the fair value of debt securities categorized as HTM investments amounted to P344.0 million (nil as of May 31, 2016 and March 31, 2016), which is Level 1 in the hierarchy of fair values (see Note 5.1).

Other than the HTM investments, management determined that due to the short-term duration of the other financial assets and financial liabilities measured at amortized costs of the Group, as described in Notes 2.5 and 2.10, their fair values as at May 31, 2017 and 2016 and March 31, 2016 equal or approximate their carrying amounts. Accordingly, the Group no longer presented a comparison of their fair values with their carrying amounts and consequently, their level in the fair value hierarchy. Nevertheless, if presented in the hierarchy, only cash and cash equivalents and short-term investments would fall under Level 1 and the rest would be under Level 3.

6.4 Fair Value Measurement for Non-financial Assets

(a) Determining Fair Value of Investment Property

The following tables show the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of May 31, 2017 and 2016 and March 31, 2016 (see Note 15.2).

	Level 1	Level 2	Level 3	Total
Land	P -	P 306,761,920	P -	P 306,761,920
Building and improvements	-	-	635,261,677	635,261,677
	P -	**P 306,761,920**	**P 635,261,677**	**P 947,391,597**

The fair value of the Group's investment property, except for certain investment property owned by FRC which were determined using the discounted cash flows technique since information on appraisal reports is not readily available, are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

The fair value of FRC's investment property without appraisal report was determined by calculating the present value of the cash inflows anticipated until the end of the useful life of the asset using a discount rate of 4.21% and 4.48% based on FRC's average borrowing rate from local banks as of May 31, 2017 and March 31, 2016, respectively.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair values of these non-financial assets were determined based on the following approaches:

(i) Fair Value Measurement for Land

The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot, hence, the higher the price per square foot, the higher the fair value.

The Level 3 fair value of land was determined using the income approach which is performed with values derived using a discounted cash flow model. The income approach uses future free cash flow projections and discounts them to arrive at a present value. The discount rate is based on the level of risk of the business opportunity and costs of capital. The most significant inputs into this valuation approach are the estimated annual cash inflow and outgoing expenses.

(ii) Fair Value Measurement for Building and Improvements

The Level 3 fair value of the buildings and improvements included under the Investment Property account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

(b) Other Fair Value Information

There were no transfers into or out of Level 3 fair value hierarchy during the periods ended May 31, 2017 and 2016 and March 31, 2016.

7. SEGMENT INFORMATION

7.1 Business Segments

The Group is organized into different business units based on its services or line of business for purposes of management assessment of each unit. In identifying its operating segments, management generally follow the Group's three major lines of business, namely education, real estate and investment activities. These are the basis of the Group in reporting to its strategic steering committee for its strategic decision-making activities.

Also, the Group reports geographical segments in which FEU campuses are located.

7.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash and cash equivalents, trade and other receivables, AFS financial assets, real estate held-for-sale, investment property, and property and equipment.

Segment assets do not include investments in an associate, deferred tax assets and other assets which are not allocated to any segment's assets.

Segment liabilities include all operating liabilities as presented in the consolidated statements of financial position, except for deferred tax liabilities.

7.3 Intersegment Transactions

Segment revenues, expenses and performance include revenues and purchases between business segments and between geographical segments. Such services and purchases are eliminated in consolidation.

7.4 Analysis of Segment Information

Segment information can be analyzed by business line as follows for the years ended May 31, 2017 and March 31, 2016 and the two months ended May 31, 2016 (in thousands):

	Education			Real Estate – Rental Income			Real Estate – Sale of Properties			Investments			Total		
	May 31, 2017	May 31, 2016	March 31, 2016	**May 31, 2017**	May 31, 2016	March 31, 2016	**May 31, 2017**	May 31, 2016	March 31, 2016	**May 31, 2017**	May 31, 2016	March 31, 2016	**May 31, 2017**	May 31, 2016	March 31, 2016
REVENUES															
From external customers	**P 2,816,831**	P 122,196	P2,918,585	**P 43,430**	P 10,802	P 124,073	**P -**	P -	P -	**P 180,126**	P 31,513	P 171,950	**P 3,040,387**	P 164,511	P 3,214,608
Intersegment revenues	**-**	-	-	**163,615**	240	106,451	**-**	-	-	**-**	-	-	**163,615**	240	106,451
Total revenues	**2,816,831**	122,196	2,918,585	**207,045**	11,042	230,524	**-**	-	-	**180,126**	31,513	171,950	**3,204,002**	164,751	3,321,059
COSTS AND OTHER OPERATING EXPENSES															
Cost of sales and services excluding depreciation	**1,292,720**	200,595	1,181,040	**-**	-	28,390	**-**	-	-	**-**	-	-	**1,292,720**	200,595	1,209,430
Depreciation	**272,097**	29,385	223,698	**30,012**	3,563	48,917	**-**	-	-	**-**	-	-	**302,109**	32,948	272,615
Other expenses	**461,288**	87,992	472,452	**-**	-	-	**-**	-	-	**10,754**	-	705	**472,042**	87,992	473,157
	2,026,105	317,972	1,877,190	**30,012**	3,563	77,307	**-**	-	-	**10,754**	-	705	**2,066,871**	321,535	1,955,202
SEGMENT OPERATING INCOME (LOSS)	**P 790,726**	(P 195,776)	P1,041,395	**P 177,033**	P 7,479	P 153,217	**P -**	P -	P -	**P 169,372**	P 31,513	P 171,245	**P 1,137,131**	(P 156,784)	P 1,365,857
TOTAL ASSETS AND LIABILITIES															
Segment assets	**P 6,813,718**	P5,793,725	P 3,854,737	**P2,092,755**	P 2,078,378	P 2,543,006	**P 238,162**	P 124,476	P124,476	**P 4,131,904**	P 3,557,929	P 3,522,186	**P 13,276,539**	P11,554,508	P 10,044,405
Segment liabilities	**P 3,439,476**	P2,624,519	P 1,482,130	**P 12,071**	P 33,953	P 35,839	**P -**	P -	P -	**P 51,126**	P 2,479	P 2,479	**P 3,502,673**	P 2,660,951	P 1,520,448

The Group's geographical segment for the periods ended May 31, 2017 and 2016 and March 31, 2016 follows (in thousands).

	Manila	Makati	Cavite	Quezon City, Marikina City and Rizal	Total
May 31, 2017					
Segment revenues					
From external customers	P 2,664,722	P 116,616	P 92,855	P 166,194	P 3,040,387
Intersegment revenues	163,615	-	-	-	163,615
Total revenues	2,828,337	116,616	92,855	166,194	3,204,002
Operating expenses	(1,974,084)	(21,872)	(70,915)	(187,332)	(2,066,871)
Segment operating profit (loss)	**P 854,253**	**P 94,744**	**P 21,940**	**(P 21,138)**	**P 1,137,131**
Total Segment Assets	**P 11,873,823**	**P 98,374**	**P 130,063**	**P 1,174,279**	**P 13,276,539**
Total Segment Liabilities	**P 2,911,840**	**P 65,664**	**P 21,574**	**P 503,595**	**P 3,502,673**
May 31, 2016					
Segment revenues					
From external customers	P 154,618	P 4,093	P -	P 5,800	P 164,511
Intersegment revenues	240	-	-	-	240
Total revenues	154,858	4,093	-	-	164,751
Operating expenses	(318,967)	(2,568)	-	-	(321,535)
Segment operating profit (loss)	(P 164,109)	P 1,525	P -	P 5,800	(P 156,784)
Total Segment Assets	P 10,282,957	P 97,125	P 102,294	P 1,072,132	P 11,554,508
Total Segment Liabilities	P 2,578,024	P 67,202	P 15,725	P 382,615	P 2,660,951
March 31, 2016					
Segment revenues					
From external customers	P 2,964,753	P 157,517	P 92,338	P -	P 3,214,608
Intersegment revenues	94,606	11,845	-	-	106,451
Total revenues	3,059,359	169,362	92,338	-	3,321,059
Operating expenses	(1,880,909)	(20,558)	(53,735)	-	(1,955,202)
Segment operating profit	P 1,178,450	P 148,804	P 38,603	P -	P 1,365,857
Total Segment Assets	P 9,844,762	P 97,484	P 102,159	P -	P 10,044,405
Total Segment Liabilities	P 1,442,718	P 67,161	P 10,569	P -	P 1,520,448

7.5 Reconciliation

Presented below and in the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements (in thousands).

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Revenue			
Total segment revenues	**P 3,204,002**	P 164,751	P 3,321,059
Elimination of intersegment revenues	**(163,615)**	(240)	(106,451)
Finance income	**(180,126)**	(31,513)	(171,950)
Management fees	-	-	20,450
Revenues as reported in consolidated profit or loss	**P 2,860,261**	P 132,998	P 3,063,108

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Profit or loss			
Segment operating profit (loss)	**P 1,137,131**	(P 156,784)	P 1,365,857
Other income	**69,264**	13,123	71,999
Finance costs	**(88,838)**	(6,278)	(11,657)
Management fees	-	-	20,450
Other charges	**(71)**	-	(70)
Other unallocated expense	**(189,751)**	(32,162)	(63,642)
Tax income (expense)	**(121,283)**	15,539	(158,338)
Group net profit (loss) as reported in profit or loss	**P 806,452**	(P 166,562)	P 1,224,899
Assets			
Segment assets	**P 13,276,539**	P 11,554,508	P 10,044,405
Investment in an associate	**6,586**	6,657	6,657
Deferred tax assets – net	**20,272**	36,165	8,064
Goodwill	**186,487**	186,487	-
Elimination of intercompany accounts	**(1,533,736)**	(950,967)	(368,078)
Total Assets	**P 11,956,148**	P 10,832,850	P 9,691,048
Liabilities			
Segment liabilities	**P 3,502,673**	P 2,660,951	P 1,520,448
Deferred tax liabilities – net	**10,697**	4,360	4,360
Elimination of intercompany accounts	**(379,847)**	(41,041)	(54,541)
Total Liabilities	**P 3,133,523**	P 2,624,270	P 1,470,267

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	May 31, 2017	May 31, 2016	March 31, 2016
Cash on hand and in banks	**P 670,741,445**	P 411,151,545	P 297,875,651
Short-term placements	**855,459,803**	802,199,035	791,708,886
	P 1,526,201,248	P 1,213,350,580	P 1,089,584,537

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group.

These placements earn effective annual interest as follows:

	May 31, 2017	May 31, 2016	March 31, 2016
Peso placements	**0.8% to 2.4%**	0.8% to 2.4%	0.2% to 2.4%
USD-denominated placements	**1.0%**	0.8%	0.9%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 21.1). The related interest receivable from placements as of May 31, 2017 and 2016 and March 31, 2016 is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

9. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**May 31, 2017**	May 31, 2016	March 31, 2016
Current:				
Non-related parties – Tuition and other school fees		**P 405,579,917**	P 351,592,354	P 586,675,062
Related parties:				
Non-trade advances	24.2, 24.5	**37,650,669**	61,620,804	35,387,899
Rental receivable	24.4	**10,302,739**	21,117,891	31,553,719
Management fee receivable	24.3	**-**	7,996,500	8,558,763
		47,953,408	90,735,195	75,500,381
Others:				
Accrued interest	8, 10, 11	**8,052,613**	26,779,983	24,479,730
Advances to officers and employees		**7,368,614**	5,368,928	4,970,527
Miscellaneous		**34,263,303**	15,340,243	8,159,270
		49,684,530	47,489,154	37,609,527
		503,217,855	489,816,703	699,784,970
Allowance for impairment on tuition and other school fees receivables		**(56,518,591)**	(56,648,644)	(47,565,199)
		P 446,699,264	P 433,168,059	P 652,219,771
Non-current – Loans to employees		**P 1,701,014**	P 2,176,503	P -

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

Loans to employees pertain to the balance of cash advances granted to RCI's employees, including the related accrued interest receivable, which are secured and will be settled upon the employees' eventual retirement.

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of each of the reporting period is shown below.

	Notes	**May 31, 2017**	May 31, 2016	March 31, 2016
Balance at beginning of period		**P 56,648,644**	P 47,565,199	P 55,977,276
Impairment losses during the period	20	**54,733,116**	2,021,883	56,206,650
Impairment loss on receivables of newly acquired subsidiary	1.2	**-**	7,061,562	-
Receivables written-off during the period		**(54,863,169)**	-	(64,618,727)
Balance at end of period		**P 56,518,591**	P 56,648,644	P 47,565,199

All of the Group's receivables had been reviewed for indicators of impairment. Certain tuition and other school fees receivables were found to be impaired; accordingly, adequate amount of allowance had been recognized.

Full allowance is provided on receivables from students for uncollected tuition fees of the previous school term when the specific student from whom it is due does not enroll in the succeeding school term. The allowance for impairment loss on receivables from students as of May 31, 2017 and 2016 and March 31, 2016 pertains to amounts which have been outstanding for more than one semester and specifically identified to be impaired.

No allowance for impairment loss on all other receivables is provided for the periods ended May 31, 2017 and 2016 and March 31, 2016 since management believes that those are collectible in full. However, during the year ended May 31, 2017, management identified certain accrued interest amounting to P24.5 million that are no longer reasonable, hence, was written off. It was presented as Loss on write-off of receivable under Finance Costs in the statements of profit or loss (see Note 21.2).

10. CROSS-CURRENCY SWAPS

The Group has existing cross-currency swap contracts to hedge its foreign currency exposure related to its foreign currency-denominated which were reclassified from AFS Financial Assets to HTM Investments in fiscal year 2017 (see Note 11). As of May 31, 2017 and 2016 and March 31, 2016, the fair value of these cross-currency swaps amounting to P33.4 million, P20.5 million and P18.1 million, respectively, is presented as Derivative Liability in the consolidated statements of financial position. The related fair value losses are presented as part of Fair value loss on financial asset at FVTPL under Finance Costs in the consolidated statements of profit or loss (see Note 21).

Being denominated in foreign currency, the related interest receivable from cross-currency agreement has been adjusted to the prevailing exchange rate resulting in the recognition of cross-currency loss amounting to P16.6 million and P0.2 million for the periods ended May 31, 2017 and 2016, respectively, and cross-currency gain amounting to P0.3 million for the year ended March 31, 2016, which are presented as part of Finance Costs and Finance Income, respectively, in the consolidated statements of profit or loss (see Note 21). The related asset is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

11. FINANCIAL ASSETS

11.1 Available-for-Sale Financial Assets

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

	May 31, 2017	May 31, 2016	March 31, 2016
Current	**P 2,139,654,834**	P 2,156,987,745	P 2,151,377,898
Non-current	**138,991,746**	458,092,841	450,192,695
	P 2,278,646,580	P 2,615,080,586	P 2,601,570,593

The types of investments classified under AFS financial assets consist of the following:

	May 31, 2017	May 31, 2016	March 31, 2016
Debt securities:			
Government	**P 479,989,235**	P 481,871,388	P 429,388,667
Corporate	**652,533,358**	932,765,579	956,091,476
	1,132,522,593	1,414,636,967	1,385,480,143
Equity securities:			
Corporate shares	**830,661,127**	754,334,231	685,651,518
UITF	**315,462,860**	446,109,388	530,438,932
	1,146,123,987	1,200,443,619	1,216,090,450
	P 2,278,646,580	P 2,615,080,586	P 2,601,570,593

The fair values of equity securities and debt securities have been determined based on quoted prices in active markets (see Note 6.2).

The breakdown of quoted AFS financial assets as to currency denomination is as follows:

	May 31, 2017	May 31, 2016	March 31, 2016
Local	**P 2,089,601,391**	P 2,267,894,276	P 2,231,876,626
Foreign	**189,045,189**	347,186,310	369,693,967
	P 2,278,646,580	P 2,615,080,586	P 2,601,570,593

As of May 31, 2016 and March 31, 2016, portion of the foreign currency-denominated AFS financial assets amounting to P250.5 million, and P269.8 million, respectively, which pertain to corporate bonds, are subject to cross-currency swap agreement with a term coinciding with that of the term of the said bonds (see Note 10). During the year ended May 31, 2017, these AFS financial assets have been reclassified as HTM investments (see Note 11.2).

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

	May 31, 2017	May 31, 2016	March 31, 2016
Balance at beginning of period	**P 2,615,080,586**	P 2,601,570,593	P 2,467,859,777
Additions	**2,762,841,360**	336,246,224	1,781,016,437
Disposals	**(2,739,752,106)**	(345,956,668)	(1,574,110,674)
Reclassification to HTM investments (see Note 11.2)	**(335,847,739)**	-	-
Fair value gains (losses) - net	**(26,502,768)**	19,045,735	(92,075,690)
Unrealized foreign exchange gains - net	**2,827,247**	4,174,702	18,880,743
Balance at end of period	**P 2,278,646,580**	P 2,615,080,586	P 2,601,570,593

Investment income from AFS financial assets, which includes dividend income, gain or loss on disposal, and realized fair value gains or losses, totaling P87.5 million, P16.2 million, and P118.4 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, have been reinvested as part of additions to AFS financial assets and are presented separately as Interest income from AFS financial assets and as Other investment income from AFS financial assets under Finance Income in the consolidated statements of profit or loss (see Note 21.1). The related outstanding interest is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

The total cumulative fair value gains amounting to P36.9 million, P3.3 million and P53.7 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, which are reclassified from equity to profit or loss as a result of disposal of certain AFS financial assets, are presented as Fair Value Gains Reclassified to Profit or Loss in the consolidated statements of comprehensive income.

11.2 Held-to-Maturity Investments

In fiscal year 2017, the Group reclassified portion of its AFS financial assets with a total fair value of P335.8 million to HTM investments because it now intends to hold these debt securities until maturity.

HTM investments are classified in the May 31, 2017 consolidated statement of financial position as follows:

Current	P 95,148,019
Non-current	241,418,315
	P 336,566,334

Corporate bonds, with maturities ranging from one to 32 years, consist of peso- and U.S. dollar-denominated bonds issued by various local and foreign companies which bear fixed interest rates ranging from 3.95% to 10.25% per annum.

The breakdown of HTM investments as to currency denomination is as follows:

Local	P 45,000,000
Foreign	291,566,334
	P 336,566,334

As of May 31, 2017, certain foreign currency-denominated HTM investments amounting to P238.5 million are subject to cross-currency swap agreement with a term coinciding with that of the term of the said bonds (see Note 10).

An analysis of the movements in the carrying amount of the Group's HTM investments for the year ended May 31, 2017 is presented below.

Balance at beginning of year	P -
Reclassification from AFS Investments (see Note 11.1)	335,847,739
Additions	15,000,000
Maturities	(30,297,340)
Amortization of discount – net	(3,788,706)
Foreign currency gains – net	19,804,641
Balance at end of year	P 336,566,334

As of May 31, 2017, the unamortized discount relating to HTM investments amounted to P11.8 million. Net amortization of discount during the year amounting to P3.8 million is presented as part of other investment income from HTM investments (see Note 21.1).

12. REAL ESTATE HELD-FOR-SALE

Real estate held-for-sale represents inventory of lots for sale at the following locations:

	May 31, 2017	May 31, 2016	March 31, 2016
Silang, Cavite	**P 141,547,959**	P 94,837,617	P 94,837,617
Quezon City	**-**	26,776,259	26,776,259
	P 141,547,959	P 121,613,876	P 121,613,876

During the years ended May 31, 2017 and March 31, 2016, management decided to lease its land and building unit with a carrying value of P26.8 million and P9.9 million, respectively, located in Quezon City to third parties. Accordingly, these were reclassified to the Investment Property account in the consolidated statements of financial position as of May 31, 2017 and March 31, 2016. No reclassification was made during the two months ended May 31, 2016.

Management believes that the carrying values of these assets are lower than their net realizable values considering present market rates; thus, no impairment loss is recognized for the periods ended May 31, 2017 and 2016 and March 31, 2016.

13. INVESTMENT IN AN ASSOCIATE

This account consists of the following:

	May 31, 2017	May 31, 2016	March 31, 2016
Acquisition cost	**P 7,878,121**	P 7,878,121	P 7,878,121
Accumulated equity in net losses:			
Balance at beginning of period	**(1,221,387)**	(1,221,387)	(1,151,282)
Share in net losses	**(70,933)**	-	(70,105)
Balance at end of period	**(1,292,320)**	(1,221,387)	(1,221,387)
	P 6,585,801	P 6,656,734	P 6,656,734

The Group's share in the net losses of the JMCI is presented as Other Charges in the consolidated statements of profit and loss.

Presented below is JMCI's summary of financial information in its most recent audited financial statements as of and for the years ended December 31:

	2016	2015
Total assets	**P 15,055,546**	P 15,007,308
Total liabilities	**1,714,370**	1,521,370
Total equity	**13,341,176**	13,485,938
Net loss	**144,762**	192,685

** JMCI has no available audited financial information as of May 31, 2017 but management believes that it will not be too different from the preceding.*

JMCI was established to provide management and technical advice, assistance and services for commercial, manufacturing and other kinds of enterprises.

As of May 31, 2017 and 2016 and March 31, 2016, management believes that the recoverable amount of its investment in JMCI is higher than its carrying value.

14. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of each of the reporting period are as follows:

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Total
May 31, 2017						
Cost	P 2,427,592,424	P 3,764,979,988	P 560,572,169	P 256,711,718	P 111,327,723	P 7,121,184,022
Accumulated depreciation and amortization	-	(819,005,876)	(432,174,633)	(194,903,769)	-	(1,446,084,278)
Net carrying value	**P 2,427,592,424**	**P 2,945,974,112**	**P 128,397,536**	**P 61,807,949**	**P 111,327,723**	**P 5,675,099,744**
May 31, 2016						
Cost	P 2,625,235,982	P 3,512,384,148	P 517,993,214	P 215,693,481	P 11,073,064	P 6,882,379,889
Accumulated depreciation and amortization	-	(650,877,312)	(349,665,685)	(171,515,332)	-	(1,172,058,329)
Net carrying value	P 2,625,235,982	P 2,861,506,836	P 168,327,529	P 44,178,149	P 11,073,064	P 5,710,321,560

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Total
March 31, 2016						
Cost	P 1,624,916,892	P 3,192,724,840	P 510,704,880	P 214,959,761	P 11,073,064	P 5,554,379,437
Accumulated depreciation and amortization	-	(624,949,701)	(336,452,696)	(169,230,746)	-	(1,130,633,143)
Net carrying value	P 1,624,916,892	P 2,567,775,139	P 174,252,184	P 45,729,015	P 11,073,064	P 4,423,746,294

A reconciliation of the carrying amounts of property and equipment at the beginning and end of each of the reporting period is shown below.

	Land	**Building and Improvements**	**Furniture and Equipment**	**Miscellaneous Equiment**	**Construction in Progress**	**Total**
Balance at June 1, 2016, net of accumulated depreciation and amortization	P 2,625,235,982	P 2,861,506,836	P 168,327,529	P 44,178,149	P 11,073,064	P 5,710,321,560
Additions	118,813,058	245,061,455	74,617,515	9,028,678	124,458,104	571,978,810
Disposal	-	-	-	(49,001)	-	(49,001)
Reclassifications to - net	(316,456,616)	7,534,385	(32,038,560)	32,038,560	(24,203,445)	(333,125,676)
Depreciation and amortization charges for the period	-	(168,128,564)	(82,508,948)	(23,388,437)	-	(274,025,949)
Balance at May 31, 2017, net of accumulated depreciation and amortization	**P 2,427,592,424**	**P 2,945,974,112**	**P 128,397,536**	**P 61,807,949**	**P 111,327,723**	**P 5,675,099,744**
Balance at April 1, 2016, net of accumulated depreciation and amortization	P 1,624,916,892	P 2,567,775,139	P 174,252,184	P 45,729,015	P 11,073,064	P 4,423,746,294
Additions	-	37,487,341	7,288,334	733,720	-	45,509,395
Property and equipment of newly acquired subsidiary (see Note 1.2)	1,000,319,090	18,795,081	-	-	-	1,019,114,171
Reclassifications from - net	-	263,376,886	-	-	-	263,376,886
Depreciation and amortization charges for the period	-	(25,927,611)	(13,212,989)	(2,284,586)	-	(41,425,186)
Balance at May 31, 2016, net of accumulated depreciation and amortization	P 2,625,235,982	P 2,861,506,836	P 168,327,529	P 44,178,149	P 11,073,064	P 5,710,321,560
Balance at April 1, 2015, net of accumulated depreciation and amortization	P 1,605,327,097	P 2,329,465,602	P 173,187,525	P 57,673,505	P 26,684,869	P 4,192,338,598
Additions	-	268,384,892	79,454,898	4,803,141	193,156	352,836,087
Reclassifications from - net	19,589,795	99,771,638	336,589	-	(15,804,961)	103,893,061
Depreciation and amortization charges for the year	-	(129,846,993)	(78,726,828)	(16,747,631)	-	(225,321,452)
Balance at March 31, 2016, net of accumulated depreciation and amortization	P 1,624,916,892	P 2,567,775,139	P 174,252,184	P 45,729,015	P 11,073,064	P 4,423,746,294

Construction in progress pertains to the costs incurred for the construction of EACCI's school building and the on-going construction of the school building of FEUAI.

During the two months ended May 31, 2016, the lease agreement between EACCI and East Asia Educational Foundation, Inc. (EAEF) was pre-terminated. Accordingly, certain portions of EACCI's school building with carrying amount of P263.4 million which were previously classified as investment properties were transferred to Property and Equipment account. This represents the cost allocated to the portion of the building which was previously leased out to EAEF (see Note 20).

The carrying value of property and equipment also includes the capitalized borrowing costs amounting to P3.9 million and P19.6 million, for the periods ended May 31, 2016 and March 31, 2016, respectively, incurred on bank loans obtained to finance the purchase of land and the eventual construction of the school building which forms part of the qualifying asset to be leased out to FEUAI. Starting June 1, 2016, no borrowing costs were capitalized on property following the transfer of ownership of the school building from the Parent Company to FEUAI.

As of May 31, 2016, certain portion of RCI's land were used as collateral for its outstanding loans [see Note 18(e) and 18(f)]. As of May 31, 2017, the properties were released from the collateral as the related loans were fully paid.

As of May 31, 2017 and 2016 and March 31, 2016, certain fully depreciated assets with acquisition cost of P351.4 million, P68.8 million and P60.0 million, respectively, are still being used in the Group's operations.

15. INVESTMENT PROPERTY

The gross carrying amounts and accumulated depreciation and amortization of investment property at the beginning and end of each of the reporting period are shown below.

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
May 31, 2017					
Cost	P 423,704,026	P 5,133,856	P 410,366,371	P 6,621,971	P 845,826,224
Accumulated depreciation and amortization	-	(3,636,630)	(275,143,732)	-	(278,780,362)
Net carrying amount	**P 423,704,026**	**P 1,497,226**	**P 135,222,639**	**P 6,621,971**	**P 567,045,862**
May 31, 2016					
Cost	P 102,102,410	P 4,705,218	P 343,000,978	P 4,571,163	P 454,379,769
Accumulated depreciation and amortization	-	(3,212,771)	(247,484,278)	-	(250,697,049)
Net carrying amount	P 102,102,410	P 1,492,447	P 95,516,700	P 4,571,163	P 203,682,720
March 31, 2016					
Cost	P 98,155,093	P 4,705,218	P 605,899,864	P 101,510,830	P 810,271,005
Accumulated depreciation and amortization	-	(3,212,771)	(243,920,890)	-	(247,133,661)
Net carrying amount	P 98,155,093	P 1,492,447	P 361,978,974	P 101,510,830	P 563,137,344

A reconciliation of the carrying amounts of investment property at the beginning and end of each of the reporting period are shown below.

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
Balance at June 1, 2016, net of accumulated depreciation and amortization	P 102,102,410	P 1,492,447	P 95,516,700	P 4,571,163	P 203,682,720
Additions	-	428,638	16,672,893	9,462,814	26,564,345
Reclassifications - net	321,601,616	-	50,692,500	(7,412,006)	364,882,110
Depreciation and amortization charges for the period	-	(423,859)	(27,659,454)	-	(28,083,313)
Balance at May 31, 2017, net of accumulated depreciation and amortization	**P 423,704,026**	**P 1,497,226**	**P 135,222,639**	**P 6,621,971**	**P 567,045,862**
Balance at April 1, 2016, net of accumulated depreciation and amortization	P 98,155,093	P 1,492,447	P 361,978,974	P 101,510,830	P 563,137,344
Additions	3,947,317	-	478,000	-	4,425,317
Reclassifications - net	-	-	(263,376,886)	(96,939,667)	(360,316,553)
Depreciation and amortization charges for the period	-	-	(3,563,388)	-	(3,563,388)
Balance at May 31, 2016, net of accumulated depreciation and amortization	P 102,102,410	P 1,492,447	P 95,516,700	P 4,571,163	P 203,682,720
Balance at April 1, 2015, net of accumulated depreciation and amortization	P 96,490,092	P -	P 440,724,577	P 109,961,609	P 647,176,278
Additions	19,589,796	1,763,554	4,736,533	31,145,080	57,234,963
Reclassifications - net	(17,924,795)	-	(36,459,423)	(39,595,859)	(93,980,077)
Depreciation and amortization charges for the year	-	(271,107)	(47,022,713)	-	(47,293,820)
Balance at March 31, 2016, net of accumulated depreciation and amortization	P 98,155,093	P 1,492,447	P 361,978,974	P 101,510,830	P 563,137,344

15.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounting to P43.4 million, P10.8 million and P124.1 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, are presented as Rental under Revenues in the consolidated statements of profit or loss. The direct operating expenses, which include depreciation and amortization, insurance, and real property taxes incurred by the Group relating to investment property, are presented as part of Depreciation and amortization, Property insurance, and Taxes and licenses, under Costs and Operating Expenses in the consolidated statements of profit or loss (see Note 20).

15.2 Fair Values of Investment Property

Based on the latest appraisal report of an independent appraiser, the total fair value of investment properties amounted to P947.4 million as of May 31, 2017 and 2016 and March 31, 2016. Information about the fair value measurement and disclosures related to investment properties are presented in Note 6.4.

16. PREPAYMENTS AND OTHER ASSETS

The breakdown of this account is as follows:

	May 31, 2017	May 31, 2016	March 31, 2016
Current:			
Advances to suppliers	**P 404,924,056**	P -	P -
Short-term investments	**141,111,522**	133,393,114	121,650,300
Input VAT	**90,562,226**	85,164,835	85,307,505
Prepaid expenses	**33,350,675**	9,908,235	9,200,234
Others	**21,384,727**	13,196,451	7,437,982
	691,333,206	241,662,635	223,596,021
Allowance for impairment of input VAT	**(10,980,897)**	(10,980,897)	(10,980,897)
	P 680,352,309	P 230,681,738	P 212,615,124
Non-current:			
Advances to developers	**P 79,417,861**	P 60,871,315	P -
Refundable deposits	**7,644,089**	7,763,044	9,010,122
Other equity investments	**1,880,594**	4,831,330	2,830,000
	P 88,942,544	P 73,465,689	P 11,840,122

Advances to suppliers pertain to advances made by FEUAI to its suppliers for the construction of its campus, which will be applied as payment for progress billings of the contractors.

Short-term investments, which consist of special savings deposits and investment in special deposit accounts, earn interest ranging from 0.64% to 2.5% for the year ended May 31, 2017, 0.63% to 2.5% for the two months ended May 31, 2016 and 0.75% to 2.5% for the year ended March 31, 2016 (see Note 21). These investments are maturing beyond three months but within one year from the date of placement.

Advances to developers represent the amount paid for FRC's condominium units purchased at pre-selling stage that are not yet ready for occupancy or fully constructed at the end of the reporting periods.

Others current assets include merchandise inventory items relating to the Group's books store and the current portion of the refundable deposits.

17. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**May 31, 2017**	May 31, 2016	March 31, 2016
Non-related parties:				
Retention payable	1.2	**P 195,900,883**	P 205,011,243	P 59,322,590
Dividends payable	25.3(b)	**181,662,771**	158,055,674	159,683,444
Trade payables		**152,546,489**	66,885,705	99,720,322
Accrued expenses	18	**151,544,645**	167,019,611	66,748,715
Deposits payable		**120,107,633**	65,445,246	48,728,733
Amounts due to students		**35,247,610**	32,630,425	24,253,229
NSTP trust fund		**6,510,753**	6,992,910	7,322,562
Deferred output VAT		**-**	243,982	243,982
		843,520,784	702,284,796	466,023,577
Related parties:				
Payable to FEU retirement plan		**25,065,653**	19,584,884	19,065,653
Advances from related parties	24.2(b)	**4,324,760**	11,883,087	2,887,419
Others	24.7	**1,562,514**	17,976,043	1,467,250
		30,952,927	49,444,014	23,420,322
Others:				
Withholding taxes and other payables		**50,867,909**	40,120,467	47,790,836
Accrued salaries and employee benefits		**18,886,243**	20,520,146	58,565,514
Miscellaneous		**13,835,199**	7,822,149	6,475,662
		83,589,351	68,462,762	112,832,012
		P 958,063,062	P 820,191,572	P 602,275,911

As of May 31, 2017 and 2016, retention payable includes portion of the consideration given for the acquisition of RCI which is retained by the University to ensure compliance by the selling shareholders of RCI to certain terms of the SPA. This amounts to P182.3 million and P146.1 million as of May 31, 2017 and 2016, respectively, and is currently maintained in an escrow account with a local bank. On the other hand, the remaining portion of retention payable pertains to the amounts owed to the Group's contractors of its ongoing construction projects.

Accrued expenses include the Group's accrual for salaries, professional's fees, interest, utilities, rentals and directors' bonuses, among others.

Deposits payable are amounts collected on behalf of students and due to third parties mainly for laboratory use, school uniforms of students, thesis tutorial, advising and defense, educational tours and various socio-civic activities. During the years ended May 31, 2017 and March 31, 2016, certain deposits payable recognized in prior years amounting to P0.2 million and P51.6 million, respectively, were recognized as income because the purpose for which the collections were made have already been fulfilled. The related gain is presented as part of Other Income in the consolidated statements of profit or loss for the years ended May 31, 2017 and March 31, 2016. No similar transaction occurred during the two months ended May 31, 2016.

Amounts due to students represent excess payment of tuition and miscellaneous fees that are refundable to them.

The NSTP trust funds collected from students by the University, FECSI and EACCI amounted to P20.1 million, P5.5 million and P31.8 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively. As of May 31, 2017 and 2016 and March 31, 2016, remaining balance of P6.5 million, P7.0 million and P7.3 million, respectively, is set aside as a contingency fund and is presented as NSTP trust fund.

Payable to FEU retirement plan are employee contributions that are yet to be remitted to the retirement fund. These amounts are subsequently remitted after the annual reporting dates.

18. INTEREST-BEARING LOANS

The composition of the Group's outstanding loans are shown below.

	May 31, 2017	May 31, 2016	March 31, 2016
Current	**P 332,857,143**	P 8,166,667	P 9,575,440
Non-current	**1,617,142,857**	1,484,166,667	704,013,177
	P 1,950,000,000	P 1,492,333,334	P 713,588,617

The outstanding principal balance and other relevant details of the Group's outstanding loans, including explanatory notes are as follows:

Outstanding Principal Balances *(in Millions)*						
May 31, 2017	May 31, 2016	March 31, 2016	**Explanatory Notes**	**Interest Rate**	**Security**	**Maturity date**
P 800.0	P 800.0	P -	(a)	Base interest* plus	Unsecured	2023
680.0	680.0	680.0	(b)	0.75% or prevailing	Unsecured	2022
200.0	-	-	(d)	rate on special	Unsecured	2022
150.0	-	-	(g)	deposit accounts	Unsecured	2023
70.0	-	-	(h)	3.5% per annum	Unsecured	2018
50.0	-	-	(i)	Base interest* plus 0.75% or prevailing rate on special deposit accounts	Unsecured	2018
-	8.3	-	(e)	8.5% per annum	Secured	2019
-	4.0	-	(f)	11.0% per annum	Secured	2017
-	-	23.1		Discounted at 0.69%	Secured	2019
-	-	10.5		Discounted at 1.07%	Secured	2017
P 1,950.0	P 1,492.3	P 713.6				

* Base interest rate is determined from the Philippine Dealing System Treasury Reference three-month bid yields for Philippine government securities.

(a) In May 2016, the University obtained an P800.0 million interest-bearing loan from a local commercial bank which was used for the University's general capital expenditure requirements, including funding of acquisition of a business and general corporate funding requirements. Principal amount is payable over 21 quarterly payments to start after a two-year grace period from loan availment date. The loan does not have any significant or restrictive covenants. Initial interest payment was made in August 2016. Related interest amounting to P21.1 million and P1.1 million was recognized as part of Finance Costs in the consolidated statements of profit or loss for the periods ended May 31, 2017 and May 31, 2016, respectively (see Note 21.2).

(b) In June 2015, the University availed of a credit line facility with another local commercial bank amounting to P1.0 billion intended to be used to finance the construction of a campus, including acquisition of land (see Note 14). The University's initial loan drawdown amounted to P680.0 million and is payable within seven years, with the first principal payment made in June 2017. The loan does not have any significant or restrictive covenants. The loan has an average interest rate of 2.6%, 2.5% and 2.6% for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively. Total borrowing costs capitalized as part of the cost of investment properties for the two months ended May 31, 2016 and the year ended March 31, 2016 amounted to P3.9 million and P19.6 million, respectively (see Note 14). Effective June 1, 2016, the University ceased the capitalization of the related interest. For the year ended May 31, 2017, interest incurred amounting to P18.2 million was reported as part of Finance Costs in the consolidated statement of profit or loss.

(c) In April 2016, the University also obtained a P500.0 million unsecured and interest-bearing loan from the same local commercial bank as that in Note 18(b) to be used for strategic investments and working capital requirements. The total principal amount is covered by two separate loan agreements amounting to P380.0 million and P120.0 million. The loans are payable in 30 days, with a fixed annual interest of 3%. During the two months ended May 31, 2016, the University fully settled the principal amount of the loan. The related interest paid amounting to P1.3 million was recognized as part of Finance Costs in the consolidated statement of profit or loss for the period ended May 31, 2016 (see Note 21.2).

(d) In April 2017, the University made another drawdown of P200.0 million interest-bearing loan from its credit line facility from a local commercial bank for capital expenditure requirements, including the funding of acquisition of a business and general corporate funding requirements. The principal amount is payable over 21 quarterly payments starting June 2017, together with the initial interest payment. The loan does not have any significant or restrictive covenants. For the year ended May 31, 2017, interest incurred on this loan amounting to P1.2 million was recognized as part of Finance Costs in the consolidated statement of profit or loss for the period ended May 31, 2017 (see Note 21.2).

(e) In May 2011, RCI signed a financing agreement with a local development bank in which RCI availed of a P25.0 million loan secured by a mortgage involving certain portion of its land situated in Montalban, Rizal (see Note 14). The proceeds of the loan were used to fund RCI's day-to-day operations. The loan is payable in seven years with a grace period of one year, divided into 24 consecutive quarterly payments. Interest is payable every quarter with an interest rate of 5.5% per annum. As at May 31, 2016, the balance of the loan amounted to P8.3 million. In 2016, the loan was fully settled prior to its maturity.

(f) In December 2013, RCI signed a promissory note with a local commercial bank in which RCI availed of a P4.0 million secured loan by a mortgage involving certain portion of its land situated in Marikina (see Note 14). The proceeds of the loan were used by RCI for its working capital. The loan is renewable every six months and bears an interest of 11% per annum. The loan was paid in full in June 2016.

(g) In November 2016, the University obtained a P150.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of acquisition of a business and general corporate funding requirements. The principal amount is payable over 21 quarterly payments starting May 2018. Initial interest payments were made in February and May 2017. The loan does not have any significant or restrictive covenants. Related interest amounting to P2.3 million was recognized as part of Finance Costs in the consolidated statement of profit or loss for the year ended May 31, 2017 (see Note 21.2).

(h) In April 2017, RCI signed a promissory note with a local commercial bank in which RCI availed a P70.0 million unsecured term loan due on January 29, 2018 with an interest rate of 3.5% per annum. This loan was availed as a drawdown from FEU's existing credit line [see (b)].

(i) In May 2017, the University obtained a P50.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of acquisition of a business and general corporate funding requirements. The principal amount is payable upon maturity in January 2018. The loan is unsecured and interest-bearing and does not have any significant nor restrictive covenants. Related interest amounting to P0.1 million was recognized as part of Finance Costs in the consolidated statement of profit or loss for the year ended May 31, 2017 (see Note 21.2).

(j) On August 16, 2016, the University's BOT approved the acceptance of a credit line facility of up to P3.0 billion from another local bank. As of May 31, 2017, the University has not made any drawdown from the facility yet. Any loans to be drawn from the facility will be unsecured.

(k) On June 11, 2015, the University fully settled its P800.0 million loan which have an outstanding principal amount of P676.9 million.

Interest expense charged to operations, which excludes capitalized borrowing costs (see Note 14), amounted to P43.4 million and P0.4 million for the years ended May 31, 2017 and March 31, 2016, respectively and P2.3 million for two months ended May 31, 2016 and is presented as part of Finance Costs in the consolidated statements of profit or loss (see Note 21.2). Unpaid interests amounting to P11.1 million and P5.1 million as of May 31, 2017 and 2016, respectively (nil as of March 31, 2016) is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

19. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the consolidated statements of profit or loss are as follows:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Tuition fees	**P 2,885,610,876**	P 119,849,057	P 3,070,156,511
Less discounts:			
Scholarship	**148,599,507**	6,397,545	189,225,409
Cash	**14,841,127**	298,343	19,623,625
Family	**11,921,561**	255,424	13,365,529
	175,362,195	6,951,312	222,214,563
	2,710,248,681	112,897,745	2,847,941,948
Other school fees:			
Senior high school miscellaneous fees	**30,316,200**	-	-
Transcript fees	**7,466,389**	1,447,821	8,889,487
Graduation and commencement fees	**7,307,179**	3,211,894	7,133,310
Identification cards	**6,581,011**	72,795	11,195,985
Entrance fees	**6,210,812**	578,290	14,260,812
Developmental fees	**5,868,000**	-	-
Certification fees	**4,081,263**	583,473	3,727,171
Diplomas	**2,948,640**	296,877	3,767,026
Other registration fees	**2,839,972**	-	-
Miscellaneous	**32,962,924**	3,107,166	21,669,644
	106,582,390	9,298,316	70,643,435
	P 2,816,831,071	P 122,196,061	P 2,918,585,383

Towards the end of the reporting period, the University, FECSI, EACCI, FEU High and RCI usually collect tuition fees from their students for either summer classes which start after the reporting period or advance tuition fees for the succeeding academic term. Accordingly, advance tuition fee collections amounting to P72.5 million, P114.0 million and P64.9 million as of May 31, 2017 and 2016 and March 31, 2016, respectively, remain unearned and, therefore, are excluded from tuition fees earned for the reporting periods and are presented as part of Deferred Revenues in the consolidated statements of financial position. These are recognized as revenue in the following period or academic instruction.

20. COSTS AND OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	**May 31, 2017 (One Year)**	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Instructional and Academic				
Salaries and allowances	24.6	**P 739,542,234**	P 131,168,699	P 687,713,820
Employee benefits	22, 24.6	**215,222,046**	30,929,349	220,835,439
Related learning experience		**3,948,261**	7,280	4,970,303
Affiliation		**2,814,342**	122,600	1,520,902
Others		**114,350,193**	11,627,280	96,734,348
		1,075,877,076	176,855,208	1,011,774,812
Administrative				
Salaries and allowances	24.6	**138,077,125**	19,990,538	120,160,686
Employee benefits	24.6	**66,449,238**	14,491,862	127,199,275
BOT bonus		**14,000,000**	135,771	13,500,000
Rental		**5,687,596**	3,149,005	7,040,391
Others		**42,122,020**	10,638,577	28,816,370
		266,335,979	48,405,753	296,716,722
Maintenance and University Operations				
Utilities		**121,191,367**	10,868,178	89,755,029
Janitorial services		**36,654,197**	4,923,652	23,525,068
Repairs and maintenance		**31,183,572**	1,948,284	15,468,640
Salaries and allowances		**18,769,878**	3,039,195	21,886,475
Employee benefits	22	**10,701,224**	893,734	10,380,153
Property insurance	15.1	**4,398,964**	22,526	4,022,881
		222,899,202	21,695,569	165,038,246
General				
Depreciation and amortization	14, 15.1	**302,109,262**	44,988,574	272,615,272
Professional fees		**75,582,060**	10,715,914	43,099,903
Impairment loss on receivables	9	**54,733,116**	2,021,883	56,206,650
Security services		**37,869,221**	6,318,308	19,749,551
Taxes and licenses	15.1	**20,589,814**	4,403,162	9,483,571
Publicity and promotions		**13,746,941**	353,676	8,607,574
Reversal of accrual	24.4(a)	**-**	6,962,451	-
Others		**25,825,294**	33,736,095	32,036,816
		530,455,708	109,500,063	441,799,337
		P 2,095,567,965	P 353,456,593	P 1,915,329,117

Other instructional and academic expenses include publication, printing, binding, donations, membership fees and others.

Other administrative expenses pertain mainly to expenses incurred for outsourced services, representation, expenses for seminars and conferences, insurance, various supplies, fuels, repairs and maintenance and others.

Other general expenses pertain to trustees' and officers' liability insurance, books and other subscriptions, and software costs.

21. FINANCE INCOME AND FINANCE COSTS

21.1 Finance Income

This consists of the following:

	Notes	**May 31, 2017 (One Year)**	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Interest income from:				
AFS financial assets	11	**P 48,792,410**	P 7,552,139	P 92,216,801
HTM investments	11	**24,171,098**	-	-
Cash and cash equivalents	8	**20,424,063**	3,173,377	12,763,311
Short-term investments	16	**11,274,953**	3,229,123	2,949,849
Installment sales		**657,943**	-	10,034,179
Financial asset at FVTPL		**-**	-	290,445
		105,320,467	13,954,639	118,254,585
Other investment income from AFS financial assets and HTM investments	11	**38,740,963**	8,627,316	26,133,578
Foreign exchange gains - net		**36,065,062**	8,931,146	27,561,385
		P 180,126,492	P 31,513,101	P 171,949,548

Other investment income from AFS financial assets comprise collectively of dividend income and gain on sale of securities held by trustee banks.

21.2 Finance Costs

This account is broken down into the following:

	Notes	**May 31, 2017 (One Year)**	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Interest expense	10, 18, 22(b)	**P 46,753,278**	P 2,738,708	P 400,899
Loss on write-off of interest receivables	9	**24,479,730**	-	-
Fair value loss on financial asset at FVTPL	10	**16,618,386**	3,539,700	11,255,800
Others		**986,152**	-	-
		P 88,837,546	P 6,278,408	P 11,656,699

22. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

(a) Characteristics of the Defined Contribution and Defined Benefit Plans

(i) The University, FECSI and EACCI

The University, FECSI and EACCI maintain tax-qualified, funded and contributory retirement plans, which fall under a defined contribution type of retirement plan, covering regular teaching and non-teaching personnel members. The University, FECSI and EACCI's retirement plans were maintained since 1967, 2013 and 2017, respectively.

The retirement funds are under the administration of organizations, the FEU Health, Welfare and Retirement Fund, the FEU Cavite Health, Welfare and Retirement and Private Education Retirement Annuity Association (the Funds), through their respective Board of Governors.

Contributions to these funds are in accordance with the defined contribution established by the Retirement Board, which is the sum of the employees' and the University, FECSI and EACCI's contributions. Retirement expense presented as part of Employee benefits under Costs and Operating Expenses in the consolidated statements of profit or loss amounted to P80.7 million, P17.0 million and P82.6 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively (see Note 20).

As a policy, any contributions made by the University, FECSI and EACCI in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay can be applied to reduce employer contributions in the succeeding years.

On April 18, 2017, March 10, 2016 and October 1, 2015, management approved the offering of Enhanced Retirement Gratuity Program (ERGP), to be implemented and paid in multiple batches, which covers eligible regular full-time faculty members and non-teaching rank-and-file and supervisory personnel. This program can be availed by all qualified and interested employees.

(ii) RCI

RCI has not yet established a formal post-employment plan. However, it accrues the estimated cost of post-employment benefits, actuarially determined, required by the provisions of RA No. 7641, which is an unfunded and non-contributory post-employment defined benefit plan covering all regular full-time employees. Under RA No. 7641, RCI is required to provide minimum post-employment benefits to qualified employees. RA No. 7641, does not, however, require it to be funded.

(b) *Explanation of Amounts Disclosed in the Consolidated Financial Statements*

Actuarial valuations are obtained: (i) to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan (for FEU, FECSI and EACCI); and, (ii) to update the retirement benefit costs and the amount of contributions (for RCI). All amounts presented below are based on the actuarial valuation reports obtained from an independent actuary for the periods ended May 31, 2017 (for FEU, FECSI, EACCI and RCI), May 31, 2016 (for RCI) and March 31, 2016 (for FEU and FECSI).

The post-employment benefit obligation amounting to P59.8 million and P64.7 million as of May 31, 2017 and 2016, respectively, pertains to RCI's defined benefit liability, which is presented under non-current liabilities in the consolidated statements of financial position. Movements in the present value of the post-employment benefit obligation recognized in the RCI's books are as follows:

	May 31, 2017	May 31, 2016
Balance at beginning of year	**P 64,710,710**	P 68,682,871
Current service cost	**2,740,215**	2,962,662
Interest expense	**3,080,230**	3,076,993
Benefits paid	**(3,749,888)**	(6,025,519)
Remeasurements – actuarial gain arising from:		
Experience adjustments	**(4,655,453)**	(2,613,256)
Changes in financial assumptions	**(2,325,111)**	(1,373,041)
Balance at end of year	**P 59,800,703**	P 64,710,710

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	May 31, 2017	May 31, 2016
Reported in profit or loss:		
Current service cost	**P 2,740,215**	P 2,962,662
Interest expense	**3,080,230**	3,076,993
	P 5,820,445	P 6,039,655
Reported in other comprehensive income –		
Actuarial gains from:		
Experience adjustments	**P 4,655,453**	P 2,613,256
Changes in financial assumptions	**2,325,111**	1,373,041
	P 6,980,564	P 3,986,297

In determining the amounts of post-employment obligation in accordance with PAS 19 (Revised), the following significant actuarial assumptions were used:

	May 31, 2017	May 31, 2016	March 31, 2016
FEU, FECSI and EACCI			
Discount rates	**5.03% - 5.17%**	5.02% - 5.23%	5.02% - 5.23%
Salary growth rate	**2.00% - 5.00%**	2.00% - 5.00%	2.00% - 5.00%
RCI			
Discount rates	**5.27%**	4.48%	4.48%
Salary growth rate	**4.00%**	4.00%	4.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the following ages are as follows:

FEU (at age 65)	-	14 years for males and 14 years for females
FECSI (at age 60)	-	20 years for males and 20 years for females
EACCI (at age 60)	-	21 years for males and 21 years for females
RCI (at age 60)	-	16 years for males and 14 years for females

These assumptions were developed by management with the assistance of an independent actuary. Discount factor is determined close to the end of the reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

As discussed in Note 2.17, the defined contribution plans of FEU, FECSI and EACCI are also accounted for as a defined benefit plan with minimum guarantee starting in 2014 upon the University's adoption of the PIC Interpretation on PAS 19 (Revised). However, considering that the present value of the obligation as determined by an independent actuary approximates the fair value of the plan assets, management opted not to recognize further the unfunded portion of the obligation which is considered insignificant as shown in the analysis below.

An analysis of the defined benefit obligation of FEU, FECSI and EACCI following PIC Interpretation with respect to the defined benefit minimum guarantee under RA No. 7641 is presented below.

	May 31, 2017	May 31, 2016	March 31, 2016
Fair value of plan assets	**P 630,911,276**	P 616,500,626	P 616,500,626
Present value of obligation	**(624,983,652)**	(619,046,290)	(619,046,290)
Over- (under-) funding	**P 5,927,624**	(P 2,545,664)	(P 2,545,664)

For FEU and FECSI, there was no significant change in assumptions for the two months ended May 31, 2016; hence, the defined benefit obligation of these entities approximates the balance as of March 31, 2016.

(c) Risks Associated with the Retirement Plan

The plan exposes the University, FECSI and EACCI to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk, while RCI is exposed to interest rate, longevity and salary risks.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

Currently, the University's plan is significantly composed of equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the University's long-term strategy to manage the plans efficiently. FECSI, on the other hand, has investments in cash and cash equivalents and loans.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the asset-liability matching strategy of the University, FECSI and EACCI, and the timing and uncertainty of future cash flows related to the retirement plan are described below.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase/ (Decrease) in Assumption	Increase/ (Decrease) in Assumption
May 31, 2017			
RCI:			
Discount rate	+/-0.5%	(P 2,128,573)	P 2,277,923
Salary growth rate	+/-1.0%	4,442,029	(3,957,515)
University:			
Discount rate	+/- 0.5%	(P 143,413)	P 173,092
Salary growth rate	+/- 1.0%	392,986	(227,800)
FECSI:			
Discount rate	+/- 1.0%	(P 215,290)	P 260,333
Salary growth rate	+/- 1.0%	244,693	(206,206)
EACCI:			
Discount rate	+/- 0.05%	(P 1,393,576)	P 1,932,355
Salary growth rate	+ 2.0 %/- 1.0%	10,012,196	(2,363,661)
May 31, 2016			
RCI:			
Discount rate	+/- 5.0%	(P 2,327,663)	P 2,489,009
Salary growth rate	+/- 1.0%	4,867,823	(4,318,781)
March 31, 2016			
University:			
Discount rate	+/- 0.5%	(P 690,063)	P 893,044
Salary growth rate	+/- 1.0%	1,786,745	(1,185,650)
FECSI:			
Discount rate	+/- 1.0%	(P 192,514)	P 235,547
Salary growth rate	+/- 1.0%	223,359	(185,943)

The sensitivity analysis above is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the University through its Retirement Board, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The University actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

There has been no change in the University's strategies to manage its risks from previous periods.

Currently, EACCI and FECSI have no specific matching strategy between the plan assets and the plan liabilities.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country for defined benefit plans, the size of the fund, bearing that it is significantly under a defined contribution regime, is also sufficient to cover the vested benefits of the higher between the RA No. 7641 or the Group's retirement plan itself, when a significant number of employees are expected to retire in 13 to 20 years' time.

The University and EACCI expect to make contribution of P72.0 million and P0.7 million, respectively, to their plans during the next reporting period; FECSI does not expect to make contributions to its plan during the next reporting period; while, RCI's management is yet to determine when it shall establish a formal plan to fund its post-employment benefit obligation.

The maturity profile of RCI's undiscounted expected benefit payments from the plan as of May 31 is as follows:

	2017	2016
Within one year	**P 12,795,781**	P 13,413,977
More than one year to five years	**19,806,814**	19,415,126
More than five years to 10 years	**45,933,146**	40,401,969
More than 10 years to 15 years	**35,039,845**	43,965,111
More than 15 years to 20 years	**39,432,879**	28,525,864
More than 20 years	**132,776,132**	96,613,621
	P 285,784,597	P 242,335,668

The weighted average duration of RCI's defined benefit obligation at the end of the reporting period is 15 years.

The latest available audited statements of financial position of the University's Fund, which comprised of both employer and employee share contributions, show the following as of December 31:

	2016	2015
Assets		
Cash and cash equivalents	**P 61,546,204**	P 46,452,702
Receivables - net	**49,445,707**	47,681,793
Investment in debt securities:		
Corporate bonds and other debt instruments	**306,961,487**	379,492,165
Government securities	**133,933,153**	165,442,749
Investment in equity securities:		
Equity securities	**234,275,091**	240,530,582
UITF	**73,402,231**	17,158,809
Mutual funds	**10,176,639**	11,972,643
Investment in long term certificate of deposits	**4,442,956**	4,442,956
Others	**53,511**	46,664
	874,236,979	913,221,063
Liabilities	**(9,802,728)**	(50,881,770)
Net Assets Available for Plan Benefits	**P864,434,251**	P862,339,293

Below is the breakdown of the employer's share in the Fund's net plan assets as to type of investments as of May 31, 2017 and 2016 and March 31, 2016. These financial assets are maintained in trust funds under credible trustee-banks under control by the Fund through its Board of Governors.

	May 31, 2017	May 31, 2016	March 31, 2016
Cash and cash equivalents	**P 3,438,512**	P 11,487,179	P 38,498,871
Domestic listed shares	**226,279,606**	230,950,399	189,335,154
Corporate bonds	**131,744,950**	174,549,311	153,445,471
Government bonds	**98,575,757**	144,107,932	118,325,446
Other securities and debt instruments	**103,216,518**	101,915,926	85,805,907
UITF	**36,468,583**	18,964,794	17,450,479
Fixed income loans	**4,109,107**	4,839,023	4,093,191
Others	**27,078,243**	10,848,500	9,546,107
	P 630,911,276	P 697,663,064	P 616,500,626

The above breakdown of the Fund's financial assets at FVTPL is presented to show the composition of the plan assets used by the actuary in determining the net retirement obligation based on the minimum guarantee under RA No. 7641 as of May 31, 2017 and 2016 and March 31, 2016.

23. INCOME TAXES

Under Philippine laws, the taxable income from operations related to school activities and passive investment income of private and proprietary (stock) educational institutions is subject to a tax of 10%. However, if 50% or more of the institution's total gross income is from unrelated business activities, the regular corporate income tax (RCIT) of 30% will apply to the entire taxable income instead of the 10% preferential rate. The University, FECSI, EACCI, FEU High and RCI are qualified to avail of the 10% preferential rate given their revenue profiles. In addition, they are not covered by the minimum corporate income tax (MCIT) provision of the 1997 Tax Code.

The major components of tax expense (income) reported in the consolidated statements of profit or loss are as follows:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Current tax expense:			
Final tax at 20% and 7.5%	**P 19,210,908**	P 3,646,805	P 18,903,404
Special rate at 10%	**56,257,962**	2,445,108	118,967,127
RCIT at 30%	**22,481,125**	-	25,622,762
	97,949,995	6,091,913	163,493,293
Deferred tax expense (income) arising from the origination and reversal of temporary differences	**23,332,802**	(21,630,610)	(5,154,874)
	P 121,282,797	(P 15,538,697)	P 158,338,419

A reconciliation of tax on pretax profit (loss) computed at the applicable statutory rates to tax expense (income) reported in consolidated profit or loss is presented below:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Tax on pretax profit (loss)	**P 92,773,511**	(P 18,210,062)	P 138,323,704
Adjustments for income subjected to:			
RCIT	**24,835,493**	1,202,974	28,717,241
Final tax	**9,224,126**	1,823,145	9,006,622
	126,833,130	(15,183,943)	176,047,567
Tax effects of:			
Excess of optional standard deduction (OSD) over itemized deductions	**(5,847,240)**	-	(12,108,806)
Unrecognized NOLCO	**2,546,871**	92,648	384,827
Unrecognized deferred tax asset (DTA) on allowance for impairment	**706,100**	30,702	-
Non-deductible expenses	**199,993**	-	120,270
Recognition of previously unrecognized DTA	**(190,024)**	-	-
Others	**(2,966,033)**	(478,104)	(6,105,439)
Tax expense (income)	**P 121,282,797**	(P 15,538,697)	P 158,338,419

The net deferred tax assets of the University and certain subsidiaries having net deferred tax asset position and net deferred tax liability of FRC and RCI having a net deferred liability position as of May 31, 2017 and 2016 and March 31, 2016, relates to the following:

	Consolidated Statements of					
	Financial Position			Profit or Loss		
	May 31, 2017	May 31, 2016	March 31, 2016	**May 31, 2017 (One Year)**	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Deferred tax assets:						
Post-employment benefit	**P 6,471,071**	P 90,107	P 90,107	**P 90,107**	P -	(P 28,747)
Accrued rent expense	**5,857,984**	3,231,111	2,706,718	**(2,626,873)**	(524,393)	(2,175,570)
Allowance for impairment losses on trade and other receivables	**4,255,737**	4,928,006	4,756,521	**672,269**	(171,485)	(162,211)
Unrealized fair value gains (losses)	**3,336,546**	2,043,208	1,778,186	**(1,293,338)**	(265,022)	(1,812,266)
Unrealized foreign currency gains (losses)	**(2,936,215)**	(869,751)	(1,729,142)	**2,066,464**	(859,391)	3,222,081
Unearned rental income	**2,926,748**	829,169	-	**(2,097,579)**	(106,747)	-
Accrued income	**360,506**	360,506	(261,143)	**-**	(621,649)	261,143
NOLCO	**-**	19,081,923	-	**19,081,923**	(19,081,923)	-
	20,272,377	29,694,279	8,063,668			
Deferred tax asset of newly-acquired subsidiary – Post-employment defined benefit obligation	**-**	6,471,071	-			
Deferred Tax Assets – net	**P 20,272,377**	P 36,165,350	P 8,063,668			
Deferred tax liabilities:						
Accrued rent receivable	**(P 11,914,569)**	(P 4,960,310)	(P 6,164,435)	**6,954,259**	(1,204,125)	4,659,868
Unearned rental income	**3,621,164**	675,175	1,879,300	**(2,945,989)**	1,204,125	2,148,162
Unrealized fair value gains on AFS financial assets	**(1,912,807)**	(75,000)	(75,000)	**1,837,807**	-	-
Post-employment benefit	**(491,001)**	-	-	**(207,055)**	-	-
Accrued income	**-**	-	-	**-**	(-)	(10,544,913)
Deferred Tax Liabilities – net	**(P 10,697,213)**	(P 4,360,135)	(P 4,360,135)			
Deferred Tax Expense (Income) – net				**P 21,531,995**	(P21,630,610)	(P 5,154,874)

RCI's deferred tax expense amounting to P0.7 million relates to the remeasurement of post-employment benefit plan during the year ended May 31, 2017, and is recognized as a component of tax income reported in the consolidated statement of comprehensive income. No similar transaction occurred during the periods ended May 31, 2016 and March 31, 2016 since RCI was acquired only in May 2016.

The net deferred tax assets of the University are not allowed to be offset against net deferred tax liabilities of other subsidiaries, or vice versa, for purposes of consolidation.

Presented below are the details of the Group's NOLCO.

Period Incurred	Original Amount	Expired Balance	NOLCO Applied	Remaining Balance	Valid Until
May 31, 2017	P 25,468,716	P -	P -	P 25,468,716	2020
May 31, 2016	213,054,710	-	190,819,227	22,235,483	2019
March 31, 2016	2,268,106	-	1,563,485	704,621	2019
March 31, 2015	409,533	-	336,761	72,772	2018
	P 241,201,065	**P -**	**P 192,719,473**	**P 48,481,592**	

The companies within the Group that were not entitled to avail of the preferential rate of 10% is subject to MCIT, which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher.

No deferred tax assets were recognized by certain subsidiaries since management of the respective subsidiaries believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period.

The total unrecognized deferred tax assets and related sources as of the reporting dates are presented below.

	May 31, 2017		May 31, 2016 and March 31, 2016	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect
FEU High – NOLCO	**P -**	**P -**	P 1,900,246	P 190,025
FEUAI – NOLCO	**P 11,531,527**	**P 3,459,458**	P 834,368	P 250,310

	May 31, 2017		May 31, 2016	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect
RCI:				
NOLCO	**P 14,714,582**	**P 1,471,458**	P 22,235,483	P 2,223,548
Allowance for impairment	**6,159,930**	**615,993**	7,368,586	736,859

24. RELATED PARTY TRANSACTIONS

The Group's related parties include related parties under common management, key management personnel and others as described in Note 2.20. The following are the Group's transactions with such related parties:

		May 31, 2017		May 31, 2016		March 31, 2016			
	Note	**Amount of Transaction (One Year)**	**Outstanding Receivable (Payable)**	Amount of Transaction (Two Months)	Outstanding Receivable (Payable)	Amount of Transaction (One Year)	Outstanding Receivable (Payable)	Terms	Conditions
Related Parties Under Common Management:									
Subscription of preferred stocks	24.1	**P 416,500,000**	**P -**	P -	P -	P -	P -	nonredeemable; non-controlling	not applicable
Advances to related parties	24.2(a), 24.2(b), 24.2(c)	**28,173,369**	**37,650,669**	(3,012,589)	32,375,310	(38,800,433)	35,387,899	due and demandable; noninterest-bearing	unsecured; not impaired
Rental income	24.4	**21,817,203**	**10,302,738**	6,668,707	21,117,891	96,713,538	31,553,719	payable within 30 days; noninterest-bearing	unsecured; not impaired
Advances from related party	24.2(b)	**1,480,974**	**(4,324,760)**	(43,633)	(2,843,786)	(24,047,509)	(2,887,419)	due and demandable; noninterest-bearing	unsecured; not impaired
Rental deposits	24.4	**-**	**-**	3,783,819	(4,008,683)	73,872	(7,792,502)	not applicable	not applicable
Management fees	24.3	**-**	**-**	-	7,996,500	20,449,880	8,558,763	payable within 30 days; noninterest-bearing	unsecured; not impaired
Others	24.9	**10,000**	**(1,457,250)**	-	(1,467,250)	133,750	(1,467,250)	due and demandable; noninterest-bearing	unsecured; impaired

Forward

	Note	May 31, 2017 Amount of Transaction (One Year)	May 31, 2017 Outstanding Receivable (Payable)	May 31, 2016 Amount of Transaction (Two Months)	May 31, 2016 Outstanding Receivable (Payable)	March 31, 2016 Amount of Transaction (One Year)	March 31, 2016 Outstanding Receivable (Payable)	Terms	Conditions
Retirement Funds:									
Retirement plan assets	24.5	**P -**	**P 632,111,250**	P -	P698,534,855	P -	P617,372,417	not applicable	not applicable
Reimbursement of fund	24.5	**-**	**995,779**	-	29,425,493	-	-	due and demandable; noninterest-bearing	unsecured; not-impaired
Others –									
Key management personnel compensation	24.6	**213,277,760**	**-**	25,239,938	-	156,331,506	-	not applicable	not applicable
Advances from previous BOT of RCI	24.7	**(16,508,793)**	**-**	3,008,793	(16,508,793)	-	-	due and demandable; interest-bearing	unsecured; not impaired

24.1 Subscription of Preferred Shares of Stock

In 2015, EAEF, a related party under common management, entered into a subscription agreement for the purchase of 240,000 preferred shares of EACCI (see Note 25.4). The total consideration paid by EAEF amounted to P240.0 million. There was no outstanding receivable arising from the transaction as the amount was fully paid by EAEF in the year of subscription.

During the year ended May 31, 2017, EAEF also entered into a subscription agreement for the purchase of 416,500 preferred shares of FEUAI (see Note 25.4). The total consideration paid by EAEF amounted to P416.5 million. There was no outstanding receivable arising from the transaction as the amount was fully paid by EAEF in the year of subscription. No similar transaction occurred during the periods ended May 31, 2016 and March 31, 2016.

24.2 Noninterest-bearing Advances

(a) Advances of the University to Related Parties

The University grants unsecured and noninterest-bearing advances, which are due and demandable, to related parties under common management of the Group for working capital purposes.

Summarized below are the outstanding receivables from these advances as of May 31, 2017 and 2016 and March 31, 2016 recorded under Non-trade advances from related parties, which is shown as part of the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9):

	Beginning Balance	Additional Advances	Repayments	Ending Balance
May 31, 2017				
EAEF	P 7,894,114	P 3,361,965	(P 2,061,074)	P 9,195,005
FEU Public Policy Foundation, Inc.	1,199,289	437,440	-	1,636,729
	P 9,093,403	**P 3,799,405**	**(P 2,061,074)**	**P 10,831,734**
May 31, 2016				
EAEF	P 6,941,664	P 2,073,341	(P 1,120,891)	P 7,894,114
FEU Public Policy Foundation, Inc.	1,199,289	-	-	1,199,289
	P 8,140,953	P 2,073,341	(P 1,120,891)	P 9,093,403
March 31, 2016				
EAEF	P 7,174,074	P 24,029,802	(P 24,262,212)	P 6,941,664
FEU Public Policy Foundation, Inc.	1,180,568	18,721	-	1,199,289
	P 8,354,642	P 24,048,523	(P 24,262,212)	P 8,140,953

As of May 31, 2017 and 2016 and March 31, 2016, management believes that these outstanding balances are collectible in full in all the years presented; thus, no allowance for impairment on these receivables are recognized.

(b) Advances between EACCI and EAEF

During the periods ended May 31, 2017 and 2016 (nil for the year ended March 31, 2016), EACCI granted to and obtained from EAEF cash advances for working capital requirements and other purposes. These advances are non-interest bearing, unsecured and payable in cash upon demand. As of May 31, 2017 and 2016, outstanding advances to EAEF amounting to P23.7 million and P20.7 million, respectively, are presented as part of Non-trade advances to related parties under the Trade and Other Receivables account, while the outstanding advances from EAEF amounting to P4.3 million and P2.8 million, respectively, are presented as Advances from related party under the Trade and Other Payables account in the consolidated statements of financial position (see Notes 9 and 17). No impairment loss is recognized by the Group on these advances during the periods ended May 31, 2017 and 2016.

(c) Advances of RCI to its Related Party

RCI grants noninterest-bearing and unsecured advances to Roosevelt College Center for Teacher Education, a related party under common management, for working capital purposes. These advances are generally collectible in cash and are due upon demand or through offsetting arrangement. The outstanding balance from these transactions which amounts to P3.0 million and P2.7 million as of May 31, 2017 and 2016, respectively, are presented as part of Non-trade advances to related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

24.3 Management Services

The University provided management services to EAEF and FERN College, which agreed to pay management fee computed at a certain percentage of the latter's gross revenue subject to certain conditions. Management fees earned amounted to P20.4 million for the year ended March 31, 2016 and is presented as Management Fees under Revenues in the consolidated statements of profit or loss. No similar income was earned for the periods ended May 31, 2017 and 2016 as EACCI already took over the operations of EAEF during the said periods.

Outstanding receivables arising from this transaction amounted to P8.0 million and P8.6 million as of May 31, 2016 and March 31, 2016, respectively, (nil as of May 31, 2017) and are presented as part of Management fee under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9). No impairment loss is recognized by the University on these receivables.

24.4 Leases

(a) Lease of Buildings to EAEF

The University leases out certain buildings to EAEF for a period of one to five years until May 31, 2015. However, upon expiration of the term of the contract, the University and EAEF had mutually agreed not to renew such lease agreement. Instead, as of May 31, 2017 and 2016 and March 31, 2016, only certain floors of the buildings were leased out to EAEF. The lease ceased in July 2016.

Meanwhile, since the construction of the school building of EACCI was fully completed as of March 31, 2015, EAEF and EACCI entered into a contract to lease certain floors of EACCI's newly-constructed school building (see Note 15). The lease commenced on July 1, 2014 for a period of five years with 5% annual escalation. However, in May 2016, the lease agreement was pre-terminated. Accordingly, EACCI reversed the related accrued rent receivable arising from straight line recognition of lease amounting to P7.0 million and is recorded as part of General Expenses under Operating Expenses in the consolidated statement of profit or loss (see Note 20).

Total rental income earned by the University and EACCI from EAEF, presented as part of Rental under Revenues in the consolidated statements of profit or loss, amounted to P2.8 million, P6.7 million and P79.8 million for the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively. Outstanding receivable arising from the transaction amounted to P23.4 million, P17.0 million and P27.5 million as of May 31, 2017 and 2016 and March 31, 2016, respectively, and is presented as part of the Trade and Other Receivables account in the consolidated statement of financial position.

(b) Lease of Buildings to FERN College

FRC leases out certain buildings to FERN College effective from June 1, 2007 to May 31, 2017 for an annual rental of P14.0 million or 10% of gross annual revenue, whichever is higher. In January 2013, an amended lease agreement was executed by both parties which stated that the lease term shall now be from January 31, 2013 to December 31, 2023 for an annual rental fee of P12.0 million or 10% of FERN College's annual gross income, whichever is higher.

Total rental income of FRC from FERN College amounted to P18.0 million and P16.1 million for the years ended May 31, 2017 and March 31, 2016, which is recorded as part of Rental under Revenues in the consolidated statements of profit or loss. No similar income was earned during the two months ended May 31, 2016. Outstanding receivables from this transaction amount to P7.0 million as of May 31, 2017 and P4.1 million as of May 31, 2016 and March 31, 2016, are presented as part of Rental receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9). No impairment loss is recognized by the Group on this receivable from FERN College.

(c) Lease of Transportation Vehicle to FERN College

In 2012, FRC entered into a contract with FERN College for the lease of a bus to the latter for a fixed monthly rental of P0.1 million covering a term of five years, from June 2012 to May 31, 2017.

The rental income earned from this transaction amounted to P1.5 million for the years ended May 31, 2017 and March 31, 2016 and is presented as part of Rental under Revenues in the consolidated statements of profit or loss. No similar income was earned during the two months ended May 31, 2016. The Group recognized unearned rental income in accordance with PAS 17 from FERN College amounting to P0.1 million as of May 31, 2017 and P0.9 million as of May 31, 2016 and March 31, 2016, and are presented as part of the Deferred Revenues account in the consolidated statements of financial position.

(d) Rental Deposits

Outstanding rental deposits arose from the lease of building by EACCI to EAEF, which amounted to P4.0 million and P7.8 million as of May 31, 2016 and March 31, 2016, respectively (nil as of May 31, 2017). These deposits are presented as part of Other Non-current Liabilities account in the consolidated statements of financial position.

24.5 Retirement Funds

The University's, FECSI's and EACCI's retirement funds are in the form of trustee-banks managed accounts. The fair value of the University's retirement plan assets amounted to P630.9 million, P697.7 million and P616.5 million as of May 31, 2017 and 2016 and March 31, 2016, respectively. The details of the retirement plans are presented in Note 22(d)(iii). The University, FECSI and EACCI have no transactions with the retirement plans other than contributions and benefit payments in all periods presented.

During the periods ended May 31, 2017 and 2016, the University funded the retirement pay of certain employees who availed of the ERGP [see Note 22(a)(i)], which will be reimbursed by the Fund. The outstanding receivable from this transaction amounted to P1.0 million and P29.4 million as of May 31, 2017 and 2016, respectively, and is recorded as part of Receivables from related parties under Receivables in the statement of financial position (see Note 9). No similar transaction occurred for the year ended March 31, 2016.

None of the retirement plan assets are invested in or provided to the University or FECSI, their related parties, and to their officers in the form of advances or loans.

The retirement funds neither provide any guarantee nor surety for any obligation of the University and FECSI.

24.6 Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the periods ended May 31, 2017 and 2016 and March 31, 2016, which are presented as part of Salaries and allowances and Employees benefits under Instructional and academic and Administrative expenses (see Note 20), are as follows:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Short-term benefits	**P 188,323,195**	P 21,511,998	P 147,028,692
Post-employment benefits	**24,954,565**	3,727,940	19,982,396
	P 213,277,760	P 25,239,938	P 156,331,506

24.7 Advances from RCI's BOT

RCI obtains unsecured, interest-bearing cash advances from the current members of its BOT, with an interest rate ranging from 8% to 12% per annum, for working capital purposes. These advances are generally collectible in cash and are due upon demand. The outstanding balance of P16.5 million as at May 31, 2016 arising from these transactions is presented as part of Others under the Trade and Other Payables account in the consolidated statement of financial position. This has been fully paid during the year ended May 31, 2017.

24.8 Financial Guaranty for Subsidiaries' Loans

In March 2017, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a local commercial bank, the University gives its full consent and authority to act as surety for the subsidiary's obligations arising from any loan or availments from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. As of the report date, no subsidiary has availed of any loan drawdown from the University's credit facility with the local bank.

24.9 Others

Others include amounts due to non-controlling interest that pertain to the unclaimed payments arising from fractional shares that were treated as treasury stocks in 2007 and 2015 by FRC. Total amount of payable to non-controlling interest amounts to P1.2 million as of May 31, 2017 and P1.5 million as of May 31, 2016 and March 31, 2016 and is presented as part of Others under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

25. EQUITY

25.1 Capital Stock

As of May 31, 2017 and 2016 and March 31, 2016, the University has 20,000,000 shares of authorized capital stock, of which 16,431,159, 16,444,038 and 16,449,038 during the periods ended May 31, 2017 and 2016 and March 31, 2016, respectively, were issued and outstanding, with par value of P100 per share.

On July 11, 1986, the SEC approved the listing of the University's common shares, its only listed securities, at an offer price of P100 per share. As of May 31, 2017, there are 16,514,354 listed shares which include those held in treasury and shares held by the University's related parties. The University has a total of 10,788,170, 10,783,284, and 10,869,423 listed shares which is equivalent to 65.66%, 65.58% and 66.08%, held by the University's related parties as at May 31, 2017 and 2016 and March 31, 2016, respectively, while there are 5,642,989, 5,660,754 and 5,579,615 listed shares owned by the public, which is equivalent to 34.34%, 34.42% and 33.92% of the total outstanding shares as of May 31, 2017 and 2016 and March 31, 2016, respectively.

As of May 31, 2017 and 2016 and March 31, 2016, the closing price of the University's listed shares were P970, P970 and P975, respectively, per share.

25.2 Treasury Stock

This account includes the University's common shares held and acquired by FRC in various dates during the year ended May 31, 2017 and during the two months ended May 31, 2016, amounting to P45.7 million and P34.8 million, respectively (nil for the year ended March 31, 2016). The changes in market values of these shares, recognized as fair value gains or losses by FRC, were eliminated in full and not recognized in the consolidated financial statements. Accordingly, the Group's treasury stocks amounted to P49.4 million as at May 31, 2017, which consist of 83,195 shares, P38.7 million as at May 31, 2016, which consist of 70,316 shares and P33.9 million as at March 31, 2016, which consist of 65,316 shares, respectively.

A portion of the University's retained earnings is restricted from dividend declaration up to the cost of treasury stocks, excluding the amount acquired and held by FRC as this is considered as a cross-holding as of the end of the reporting period.

25.3 Retained Earnings

Significant transactions affecting Retained Earnings, which, as indicated in Note 25.2, is also legally restricted at an amount equivalent to the cost of the University's treasury stock of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

As of May 31, 2017 and 2016 and March 31, 2016, the University's Appropriated Retained Earnings consists of appropriations for:

Property and investment acquisition	P 2,250,000,000
Expansion of facilities	187,000,000
General retirement	90,000,000
Purchase of equipment and improvements	33,000,000
Contingencies	10,000,000
Treasury stock	3,733,100
	P 2,573,733,100

The changes in the appropriated retained earnings during the year ended March 31, 2016 are shown below.

Balance at beginning of period	P 2,034,503,100
Appropriations	707,500,000
Reversal of appropriations	(168,270,000)
Balance at end of period	P 2,573,733,100

During the year ended March 31, 2016, the University made an additional appropriation amounting to P707.5 million for property and investment acquisition. Such appropriation is expected to be realized within one year from the end of the reporting period. During the same period, the University reversed appropriations for expansion of facilities amounting to P143.0 million, and purchase of equipment and improvements amounting to P25.3 million, as the purpose for which such appropriations were made had been completed.

No changes on the appropriated retained earnings during the periods ended May 31, 2017 and 2016 because the purposes for which the appropriations were made still stand.

(b) Dividend Declaration

The BOT approved the following dividend declarations during the periods ended:

	Date of Declaration	Date of Record	Date of Payment/Issuance		Amount
May 31, 2017					
Cash dividend of P12 per share	June 21, 2016	July 5, 2016	July 19, 2016	P	197,328,456
Cash dividend of P12 per share	February 21, 2017	March 7, 2017	March 21, 2017		164,411,590
				P	**361,740,046**

	Date of Declaration	Date of Record	Date of Payment/Issuance		Amount
March 31, 2016					
Cash dividend of P12 per share	June 16, 2015	June 30, 2015	July 14, 2015	P	197,388,456
Cash dividend of P12 per share	December 11, 2015	December 29, 2015	January 15, 2016		197,388,456
				P	394,776,912

Unclaimed checks related to dividends declared as of May 31, 2017 and 2016 and March 31, 2016 are presented as Dividends payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17). No dividends were declared for the two months ended May 31, 2016.

25.4 Subsidiaries with Material Non-controlling Interest

In 2015 and 2014, EACCI issued its newly authorized preferred shares to EAEF, a related party under common management (see Note 24.1). Total cost of preferred shares issued and outstanding amounts to P1.0 billion as of May 31, 2017 and 2016 and March 31, 2016.

In 2017, FEUAI also issued its newly authorized preferred shares to EAEF (see Note 24.1). Total cost of preferred shares issued and outstanding amounts to P416.5 million as of May 31, 2017.

EACCI and FEUAI's preferred shares have the following features:

(a) Holders of the preferred stock have no pre-emptive right to subscribe to any or all issues or other disposition of shares of common stock or preferred stock of EACCI or FEUAI, including treasury stock, if any;

(b) Subject to availability of retained earnings and sufficient cash as may be determined by EACCI's BOT or FEUAI's BOD, holders of the preferred stock are entitled to receive, out of unrestricted retained earnings of the EACCI or FEUAI, non-cumulative dividends at the rate of 3% per annum based on the issue value of each share, payable annually on such date as may be determined by the EACCI's BOT or FEUAI's BOD from time to time;

(c) Preferred stock shall be non-voting (except in instances specifically provided by law) and non-participating as to the payment of dividends;

(d) Preferred stock may be redeemed at the option of the issuer regardless of existence of unrestricted retained earnings at an issue price equal to the issue value and under terms and conditions as determined by the EACCI's BOT or FEUAI's BOD; and,

(e) In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of EACCI or FEUAI's operations, the holders of preferred stock shall have preference and priority as to the net assets of EACCI or FEUAI or proceeds thereof over the holders of common stock.

During the years ended May 31, 2017 and March 31, 2016, the BOT of EACCI declared cash dividend to all of their stockholders. Accordingly, EAEF received P25.0 million from each of the said declarations. No dividends were declared during the two months ended May 31, 2016.

A summary of financial information of FEUAI as of and for the year ended May 31, 2017 and of EACCI as of and for the periods ended May 31, 2017 and 2016 and March 31, 2016 before intragroup eliminations are shown below (in thousands).

	EACCI	FEUAI
May 31, 2017		
Total assets	P 1,931,351	P 557,328
Total liabilities	114,415	51,126
Total equity	1,816,936	506,202
Total revenue	717,159	-
Net profit (loss) for the year	333,837	(9,130)
Net cash from operating activities	331,569	36,727
Net cash used in investing activities	(21,167)	(488,326)
Net cash used in financing activities	(50,840)	510,250
	P 259,562	**P 58,6501**
May 31, 2016		
Total assets	P 1,679,149	
Total liabilities	141,744	
Total equity	1,537,404	
Total revenue	61,227	
Net profit for the period	16,364	
Net cash from operating activities	46,583	
Net cash used in investing activities	(15,148)	
Net cash used in financing activities	-	
	P 31,435	
March 31, 2016		
Total assets	P 1,719 153	
Total liabilities	200 348	
Total equity	1,518,806	
Total revenue	552,072	
Net profit for the year	382,832	
Net cash from operating activities	366,209	
Net cash used in investing activities	(157,143)	
Net cash used in financing activities	(75,320)	
	P 133,746	

26. EARNINGS (LOSS) PER SHARE

EPS amounts were computed as follows:

	May 31, 2017 (One Year)	May 31, 2016 (Two Months)	March 31, 2016 (One Year)
Net profit (loss) attributable to owners of the parent company	**P 749,519,197**	(P 166,280,222)	P 1,166,023,155
Divided by weighted average number of shares outstanding, net of treasury stock of 83,195 as of May 31, 2017, 70,316 as of May 31, 2016 and 65,316 as of March 31, 2016	**16,434,790**	16,446,538	16,449,038
Basic and diluted EPS	**P 45.61**	(P 10.11)	P 70.89

The weighted number of shares as of May 31, 2017 and May 31, 2016 are computed as follows:

	Number of Shares	Months Outstanding	Weighted Number of Shares
May 31, 2017			
Balance at beginning of year	16,444,038	12	197,328,456
Purchase of treasury stock during the period:			
August 2016	(209)	10	(2,090)
September 2016	(100)	9	(900)
September 2016	(10,000)	9	(90,000)
November 2016	(2,570)	7	(17,990)
Balance at end of period	16,431,159		197,217,476
Divided by total months during the year			12
Weighted average number of shares outstanding as of May 31, 2017			**16,434,790**
May 31, 2016			
Balance at beginning of period	16,449,038	2	32,898,076
Purchase of treasury stock during the period:			
April 2016	(5,000)	1	(5,000)
Balance at end of period	16,444,038		32,893,076
Divided by total months during the period			2
Weighted average number of shares outstanding as of May 31, 2016			16,446,538

The Group has no treasury transaction during the year ended March 31, 2016.

The University has no dilutive potential common shares as of May 31, 2017 and 2016 and March 31, 2016; hence, the diluted earnings (loss) per share is the same as the basic earnings (loss) per share in all the periods presented.

27. EVENTS AFTER THE END FOR THE REPORTING PERIOD

On August 15, 2017, the University's BOT approved the following changes in the appropriation of retained earnings as of May 31, 2017:

	May 31, 2017	Additions (Reversal)	August 15, 2017
Property and investment acquisition	P 2,250,000,000	(P 250,000,000)	P 2,000,000,000
Expansion of facilities	187,000,000	137,800,000	324,800,000
General retirement	90,000,000	50,000,000	140,000,000
Purchase of equipment and improvements	33,000,000	102,200,000	135,200,000
Contingencies	10,000,000	230,000,000	240,000,000
Treasury stock	3,733,100	-	3,733,100
	P 2,573,733,100	P 270,000,000	P 2,843,733,100

Foregoing post year-end events involving the University did not have any impact on its financial statements as of and for the year ended May 31, 2017.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Capital Commitments – Related to Condominium Units Acquired

As of March 31, 2017 and 2016, the Company has commitments of about P61.3 million and P46.4 million, respectively, for the condominium units acquired at pre-selling stage that are currently under construction.

28.2 Operating Lease Commitments – Group as Lessor

As discussed in Note 24.4, FRC lease out certain buildings to EAEF and FERN College for varying periods. FRC also lease out certain land and buildings to several non-related parties for a period of one to ten years.

Future minimum rental receivables, excluding contingent rental, under these operating leases as of May 31, 2017 and 2016 and March 31, 2016 are as follows:

	May 31, 2017	May 31, 2016	March 31, 2016
Within one year	**P 20,430,890**	P 55,930,374	P 91,126,934
After one year but not more than five years	**80,164,518**	143,656,849	143,656,849
More than five years	**61,790**	21,000,000	21,000,000
	P 100,657,198	P 220,587,223	P 255,783,783

28.3 Open Legal Cases

As of May 31, 2017, the University has a pending case against the local government of City of Manila where it is contesting the imposition of local business tax on the tuition fees collected. The University's protest is grounded on the following premises: (i) the lack of specific provision in the Local Government Code and in the Local Tax Code of Manila authorizing the City of Manila to impose a business tax of 1% on tuition fees; (ii) prescription; and, (iii) violation of due process. The local business tax being contested covers taxable years 2009 to 2013.

Also, as of the same date, the University is a defendant in certain civil cases, which are pending before the National Labor Relations Commission, Court of Appeals and the Supreme Court.

As of May 31, 2017, no final decision has been rendered by the courts in the above-mentioned cases; hence, no provision for contingencies is recognized. The University's management and its legal counsel believe that liabilities, if any, which may result from the outcome of these cases, will not materially affect the financial position and results of operations of the University.

28.4 Provisions and Other Contingencies

There are recognized provisions in the consolidated statements of financial position that arise in the normal course of certain subsidiary's operations. Also, there are other contingencies that arise in the normal course of business that are not recognized in the Group's consolidated financial statements. Management believes that losses, if any, arising from these provisions, commitments and contingencies will not materially affect its consolidated financial statements, however, the Group opted to generally appropriate portion of its retained earnings to cover for such contingencies (see Note 25.3).

29. 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, issue new shares or obtain debt financing.

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

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities divided by total adjusted equity (comprised of capital stock and retained earnings). Capital for the reporting periods under review is summarized as follows:

	May 31, 2017	May 31, 2016	March 31, 2016
Total liabilities	**P3,133,522,708**	P2,624,269,895	P1,470,267,164
Total adjusted equity attributable to owners of the parent company	**6,779,558,727**	6,391,779,576	6,558,059,798
Debt-to-equity ratio	**0.46 : 1.00**	0.41 : 1.00	0.22 : 1.00

The Group's goal in capital management is to maintain a lower liability compared with its adjusted equity or a debt-to-equity structure ratio of not more than 1.00:1.00. This is in line with the University's bank covenants related to its borrowings.

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

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

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries (the Group) for the year ended May 31, 2017, on which we have rendered our report dated August 15, 2017. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, as amended, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 5908616, January 3, 2017, Makati City
SEC Group A Accreditation
Partner - No. 1185-AR-1 (until May 11, 2018)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-34-2017 (until Jun. 19, 2020)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

August 15, 2017

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
INDEX TO SUPPLEMENTAL SCHEDULES
MAY 31, 2017

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
May 31, 2017

Name of Issuing Entity and Association of Each Issue		*Number of Shares or Principal Amount of Bonds and Notes*		*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Bank of the Philippine Islands (BPI) Trust Account:					
Government Securities					
FXTN 0751MR	P	13,700,000	P	13,958,892	
FXTN 0754MR		4,000,000		4,072,237	
FXTN 1055MR		5,000,000		5,274,272	
FXTN 1054MR		16,440,000		17,685,798	
FXTN 2017MR		30,800,000		39,081,850	
FXTN757MR		6,000,000		5,908,275	
FXT1060MR		29,144,188		27,644,620	
FXT2511MR		21,438,971		19,852,925	
RTBONDM (2.8%, 9/20/2026)		25,700,000		23,732,235	
RTBONDM (3.4%, 4/11/2020)		10,200,000		10,289,182	
Corporate Bonds					
ALI BOND (4.5%, 4/27/2019)	P	74,000,000	P	74,000,000	
GLOBE BOND (4.6%, 9/1/2017)		8,000,000		8,000,000	
AC BOND (5.44%, 5/12/2021)		15,000,000		15,000,000	
AC BOND (5.5%, 5/11/2027)		34,500,000		34,500,000	
FLI BOND (5.02%, 6/8/2019)		20,000,000		20,000,000	
GTCAP BOND (3.87%, 2/27/2020)		30,000,000		30,000,000	
SMPH-BOND (1/1/2021)		20,000,000		20,000,000	
SMIC-BNDM (12/9/2023)		9,200,000		9,274,386	
ALI BOND (4.21%, 5/2/2027)		5,000,000		5,000,000	
PLDT BOND		19,200,000		19,200,000	
MCC-DSPN		13,000,000		13,000,000	
BPI-$TDT 00000 (6/6/2017)	$	269,000		13,386,788	
BPI-$TDT 00001 (6/13/2017)		36,097		1,796,368	
BPI-$TDT 00002 (6/13/2017)		17,000		846,005	
BPI-$TDT 00000 (6/1/2017)		353,000		17,567,048	
Equity Securities					
Common Shares					
BDO		95,323	P	11,677,068	
BPI		86,484		9,115,414	
MBT		100,684		8,804,816	
SECB		24,000		5,227,200	
AP		120,500		4,729,625	
MER		15,410		4,222,340	
JFC		25,100		5,135,460	
URC		51,760		8,385,120	
AC		14,350		12,455,800	
AEV		133,570		10,157,999	
AGI		224,700		3,478,356	
DMC		203,020		2,728,589	
JGS		138,980		11,069,757	
MPI		821,440		5,150,429	
SM		27,022		20,806,940	
ALI		411,446		16,210,972	
MEG		666,860		3,134,242	
RLC		171,270		4,247,496	
SMPH		476,900		16,071,530	
GLO		2,550		5,380,500	
TEL		5,910		10,212,480	
ICT		46,080		4,608,000	
SCC		15,380		2,430,040	
GTCAP		6,015		7,187,925	
EDC		479,000		2,921,900	
FGEN		66,000		1,252,680	
PGOLD		43,830		1,895,648	
Preferred Shares					
FGENF		200,000	P	22,500,000	
FGENG		50,000		5,690,000	
ACPB		100,000		51,600,000	
ACPB2		50,000		25,700,000	
DMPA1		50,000		24,882,505	
Mutual Funds					
WELGDGA		38,558	P	41,600,425	
PIMINIA		23,855		16,489,397	
WFEMIF		1,355		8,344,461	
PIMEMLC		8,675		5,491,572	
WSEENUH		4,693		2,865,376	

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
May 31, 2017

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Bank of the Philippine Islands (BPI) Trust Account (continuation):			
Unit Investment Trust Fund (UITF)			
STF UITF	213,051	P 30,489,729	
IWDA.ETF	1	1,538	
PDBIF	1,594	16,551,250	
INDA.US	1,491	2,415,198	
Others			
Other assets net of liabilities of the trust account	(1,480,789)	(1,480,789)	
Totals for BPI Trust Account		**P 900,909,866**	**P 42,975,422**
Banco De Oro (BDO) Trust Account:			
Government Securities			
FXTN 10-59 (IMA-TX)	P 1,237,933	P 1,208,161	
FXTN 20-16 (TX) IMA	2,530,000	3,264,470	
FXTN 7-54 (TX-IMA)	2,100,000	2,137,972	
FTXN 20-11 (TX) IMA	1,600,000	2,270,984	
FXTN 10-48 (IMA-TX)	2,497,000	2,638,447	
FXTN 7-51 (TX IMA)	3,289,000	3,351,293	
FXTN 7-56 (TX) IMA	40,950,000	41,021,848	
FXTN 5-73 (TX) IMA	14,215,000	14,022,825	
FXTN 7-57 (TX) IMA	62,209,000	61,257,337	
FXTN 10-55 (IMA-TX)	2,000,000	2,109,774	
FXTN 10-54 (TX) IMA	3,700,000	3,980,534	
FXTN 25-8 (TX-IMA)	7,700,000	10,059,866	
RETAIL TREASURY BOND 25-1 (TX-IMA)	7,400,000	8,107,303	
FXTN 5-72 (IMA-TX)	46,000,000	45,741,348	
FXTN 5-74 (IMA-TX)	15,160,000	15,081,073	
FXTN 3-22 (IMA-TX)	15,000,000	14,857,742	
RETAIL TREAS BOND (R3-8) IMA	14,910,000	15,040,484	
Corporate Bonds			
San Miguel Brewery Bond 10Yrs	9,000,000	9,325,391	
Rockwell Land Corp. Bond (TX) I	4,500,000	4,486,818	
Aboitiz Equity Ventures 7-Yr	20,200,000	19,945,152	
PLDT Fixed Rate Corp Bond - 7Yr	41,000,000	41,391,698	
Filinvest Land Inc Bond 5 - Yrs	5,730,000	5,723,520	
Ayala Land Inc. Corporate Bond	50,000,000	50,673,678	
JG Summit - 5Yr & 6Mos Bond (TX-IMA)	46,000,000	47,075,437	
Energy Dev't Corp. Bond 7 Yrs	6,000,000	6,007,641	
Globe Telecom Bond 7 Years (TX)	10,000,000	10,020,439	
Ayala Land Inc. Corporate Bond	16,230,000	16,158,417	
Ayala Multiple Put Bonds (IMA)	9,100,000	9,522,163	
ABS-CBN Bond - 7Yrs (TX) IMA	1,000,000	1,003,671	
JG Summit Holdings - 7Yr Bond (TX)	1,000,000	1,003,913	
Filinvest Dev Corp Bond - 10Yrs	2,000,000	2,013,179	
Ayala Land Inc. Corporate Bond	1,000,000	1,028,094	
RCBC Unsec. Sub. Notes (TX-VTA)	8,500,000	8,460,906	
Aboitiz Power Corp Bonds (Tax)	29,700,000	29,427,880	
Robinsons Land Corp. Fixed Rate	17,500,000	17,143,166	
Ayala Corporation Bond (TX-IMA)	2,000,000	2,176,436	
Aboitiz Equity Ventures 7 Year	5,000,000	4,991,683	
Megaworld Corp Bond (IMA-TX)	31,470,000	31,778,192	
Long Term Negotiable Certificate of Deposit (LTNCD)			
SECURITY BANK CORP. LTNCD (TX)	1,000,000	1,015,422	

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
May 31, 2017

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*		*Amounts Shown on the Statements of Financial Position*		*Income Received and Accrued*
Banco De Oro (BDO) Trust Account (continuation):					
Equity Securities					
Common Shares					
MEG	1,038,000	P	4,878,600		
GLO	3,542		7,473,620		
TEL	4,632		8,004,096		
SECB	14,431		3,143,072		
URC	63,360		10,264,320		
RLC	171,780		4,260,144		
PCOR	656,700		7,210,566		
ALI	612,590		24,136,046		
JGS	162,410		12,935,957		
ICT	47,840		4,784,000		
JFC	26,785		5,480,211		
MBT	97,783		8,551,123		
BPI	18,730		1,974,142		
AC	13,604		11,808,272		
MPI	2,722,900		17,072,583		
SMPH	719,558		24,249,105		
AEV	78,290		5,953,955		
MER	38,460		10,538,040		
DMC	217,350		2,921,184		
BDO	124,460		15,246,350		
SM	37,258		28,688,660		
FGEN	470,210		8,924,586		
EDC	947,100		5,777,310		
AGI	152,500		2,360,700		
AP	101,150		3,970,138		
PGOLD	268,380		11,607,435		
GTCAP	8,410		10,049,950		
SCC	96,600		15,262,800		
RRHI	106,440		9,121,908		
LPZ	371,400		2,674,080		
DD	49,000		5,145,000		
MAXS	14,800		277,056		
DNL	81,400		1,017,500		
MWC	123,600		3,979,920		
MWIDE	117,200		2,226,800		
PIZZA	60,200		788,620		
WLCON	347,900		2,000,425		
Preferred Shares					
FGENF	100,000	P	11,380,000		
FPHP	56,000		28,560,000		
GLOBE PREF	96,240		49,274,880		
GT Captial Holdings Inc. Series	4,500		4,522,500		
UITF					
BDO-TRUST & INV	974,218	P	109,384,777		
Others					
Other assets net of liabilities of the trust account	2,168,677		2,168,677		
Totals for BDO Trust Account		**P**	**1,076,573,462**	**P**	**36,813,037**
HSBC Account:					
UITF					
SEI GBL MSTR FD PLC - GBL FX INC FD USD	20,072	P	15,884,853		
SEI GBL MSTR FD PLC - US CORE FX INC	29,689		27,419,024		
SEI GBL MSTR FD PLC - EMRG MKTS DBT FD USD	3,827		5,206,034		
SEI GBL MSTR FD PLC - GBL OPP FX INC USD	11,384		10,156,294		
SEI GBL MSTR FD PLC - HGH YLD FX INC USD	2,506		5,106,751		
SEI GBL MSTR FD PLC - EMRG MKTS EQTY USD	3,711		5,581,859		
SEI GBL MSTR FD PLC - GBL EQTY USD	65,117		37,569,855		
SEI GBL MSTR FD PLC - GBL MGD VOL FD USD H	22,315		12,029,002		
SEI GBL MSTR FD PLC - PAN EURO SML CAP USD	3,353		2,280,996		
SEI GBL MSTR FD PLC - US SML COMPNS FD USD	1,468		5,781,011		
Others			553,069		
Totals for Hong Kong and Shanghai Banking Corporation Account		**P**	**127,568,747**		**-**

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Other Investments:			
Equity Securities			
GTPPA	7,940	P 7,979,700	
AEV	5,320	405,118	
AP	6,410	249,349	
AGI	1,600	22,880	
AC	910	773,500	
ALI	27,170	1,080,008	
BDO	7,974	988,776	
DNL	27,500	330,550	
DMC	4,900	69,090	
EDC	19,700	119,185	
FGEN	2,970	56,133	
GLO	240	491,520	
GTCAP	630	762,300	
GT Capital Holdings Inc. Series	1,000	1,002,000	
ICT	2,120	207,336	
JGS	10,930	885,330	
JFC	3,590	732,360	
LPZ	71,400	515,508	
MER	963	251,150	
MWC	6,500	201,825	
MAXS	900	17,028	
MWIDE	7,400	138,232	
MEG	79,900	343,570	
MPI	174,200	1,113,138	
MBT	6,850	599,375	
PCOR	45,700	442,376	
TEL	260	467,480	
PGOLD	23,550	1,049,153	
RLC	18,480	448,140	
RRHI	6,340	551,580	
SECB	920	199,640	
SCC	6,850	1,099,425	
SM	2,270	1,822,810	
SMPH	36,700	1,211,100	
URC	4,234	689,719	
WLCON	27,100	215,174	
Total		P 27,531,557	-
UITF			
BPI Short Term UITF	15,867	P 2,270,734	
BGF EURO SPL SITS FN NON DIS (A2 USD HDGE)	33,291	25,593,286	
BDO INST'L. CASH RESERVE FUND	15,481	1,740,670	
Total		P 29,604,689	P 1,876,795
Corporate Bonds with Cross Currency Swaps (CCS)			
First Pac CCS 9.6105% 1/24, 7/24	$ 600,000	P 30,060,139	
SMIC CCS 7.3% 4/13, 10/13	500,000	25,071,063	
MQGAU CCS 7.75% 2/13, 8/13	500,000	26,388,264	
FCD CCS 4.55% 10/2, 4/2	500,000	24,881,946	
MQGAU CCS 6.25% 7/14, 1/14	500,000	27,285,085	
First Pac CCS 6.2% 12/28, 6/28	400,000	21,416,653	
FDC CCS 4.45% 10/2, 4/2	500,000	24,857,110	
ICT CCS 7.6% 9/17, 3/17	600,000	34,524,161	
FDC CCS 4.45% 10/2, 4/2	500,000	24,009,622	
Total		P 238,494,043	

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Other Investments (continuation):						
Corporate Bonds						
PETRON CORPORATION (11/10/2017)	P	30,000,000	P	30,000,000		
PETRON CORPORATION (10/27/2021)		15,000,000		15,000,000		
AYALA CORP. FIXED RATE BONDS				1,365,053		
AYALA LAND CORP. BOND TRANCHE				3,738,260		
MEGAWORLD CORP. BOND (IMA-TX)				4,096,576		
BRASKEM FINANCE LTD PERPETUAL	$	100,000		4,496,424		
RELIANCE INDUSTRIES LTD PERPETUAL		200,000		10,016,817		
SECURITY BANK CORP		150,000		7,729,622		
FIRST GEN CORPORATION		200,000		10,579,335		
VLL INTERNATIONAL INC		400,000		20,250,093		
FILINVEST DVP CAY ISLANDS		200,000		10,219,398		
RELIANCE INDUSTRIES LTD PERPETUAL		200,000		10,230,039		
BRASKEM FINANCE LTD PERPETUAL		100,000		5,813,843		
VLL INTERNATIONAL INC		200,000		10,944,802		
Total			P	144,480,262	P	26,630,726
Government Bonds						
FXTN 10-59 (IMA-TX)			P	11,536,562		
FXTN 5-73 (IMA-TX)				45,994,222		
FXTN 7-57 (TX) IMA				7,881,232		
RETAIL TREASURY BOND 10 - 05				925,475		
Total			P	66,337,491		
LTNCD						
FXTN 10-59 (IMA-TX)			P	4,953,753		
			P	4,953,753	P	3,021,220
Others						
Short-term Placements and Time Deposits						
Owned by FEU						
BPI	$	2,646,112	P	131,953,675		
Rizal Commercial Banking Corporation (RCBC)	P	2,823,751		2,823,751	P	12,396,792
Owned by FRC						
BPI (US Dollar)	$	1,384,046		69,470,799		
BPI (Peso)	P	75,204,401		75,204,401		180,887
Owned by EACCI						
BDO		41,886,391		41,886,391		
China Banking Corporation		133,133,329		133,133,329		
RCBC		236,920,514		236,920,514		
Metropolitan Bank and Trust Company		95,381,319		95,381,319		
BPI		143,360,824		143,360,824		7,022,141
Owned by FECSI						
BPI		65,195,365		65,195,365	P	1,199,746
Total			P	995,330,368	P	20,799,566
Totals for Other Investments			**P**	**1,506,732,163**	**P**	**52,328,306**
Grand Totals			**P**	**3,611,784,239**	**P**	**132,116,765**

Note:

The financial assets in this schedule is presented in the 2016 consolidated statement of financial position as follows.

Available-for-sale Financial Assets	*P*	*2,278,646,580*
HTM Investments		*336,566,334*
Short-term Placements (part of Cash and Cash Equivalents account)		*855,459,803*
Short-term Investments (part of Other Current Assets account)		*141,111,522*
	P	*3,611,784,239*

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
May 31, 2017

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
ABAD, DIEGO JOSE	(P 800)	P 7,800	(P 1,950)	P -	P 5,850	(P 800)	P 5,050
Abadilla, Janice	-	418	(418)	-	-	-	-
Abala, Genelin	155			-	-	155	155
Abarrientos, Johnny	2,940	8,300	(8,128)	-	3,113		3,113
Abdon, Miel	(2,172)	2,172	-	-	2,172	(2,172)	-
Abdulmajid, Nur-aisa	-	1,326	(1,326)	-	-	-	-
Abella, Maria Corazon	(5,000)	13,473	(8,473)	-	5,000	(5,000)	-
Abello, Susan	(5,000)	15,062		-	15,062	(5,000)	10,062
Abenoja, Hazel			(709)	-	(709)		(709)
Abitria, Rommel	-	2,135	(972)	-	1,163	-	1,163
Abrenica, Vergenee Marree	-	1,575	(822)	-	753	-	753
ACENA, JOYCE LISA	-	56,000	(56,000)	-	-	-	0
Acero, Francis	-	1,130	(930)	-	200	-	200
ACOMULAR JR., MELQUIADES A	-	84,000	(84,000)	-	-	-	-
Adiong, Nassef	-	745	(745)	-	-	-	-
Ador, Lauro	529			-	-	529	529
Adriano, Jose Arsenio	-	323	(323)	-	-	-	-
AFUNDAR, CHRISTIAN LEMUEL	-	112,000	(84,000)	-	28,000	-	28,000
Agoncillo, Josephine	-	2,044	(2,044)	-	-	-	-
Agub, Christian	-		(881)	-	(881)	-	(881)
Agudong, Julito	(5,000)	137,427	(132,427)	-	5,000	(5,000)	-
Aguila, Eirene Jhone	-	1,808	(900)	-	909	-	909
Aguila, Fitzgerald	9,105			-	-	9,105	9,105
Aguilos, Ma. Sybil	-	781	(781)	-	-	-	-
Agustin, Maria Theresa A.	(829)	17,149	(9,600)	-	7,549	(829)	6,720
Alabarca, Wilma	842			-	-	842	842
Alar, Hernan	(2,108)	2,108		-	2,108	(2,108)	-
Alarde, Crispulo	-	123,774	(123,774)	-	-	-	-
Alba, Michael	(40,047)	439,441	(72,770)	-	366,671	(40,047)	326,625
Albano, Allan Rey	2,940	8,300	(8,128)	-	3,113		3,113
Albores, Frances Dales Albert	-	(1,740)	1,740	-	-	-	-
Alcoberes, Philip Jay N.	(2,922)	2,922		-	2,922	(2,922)	-
Alejandro, Grecebio Jonathan	-	1,563	(1,963)	-	(400)	-	(400)
Alejandro, Ma. Michelle	2,229			-	-	2,229	2,229
Alejo, Cinderella	-		(491)	-	(491)	-	(491)
Alentajan, Carlo Bonifacio	-	1,990	(900)	-	1,090	-	1,090
Alingasa, Reman	-	761	(761)	-	-	-	-
Allam, Marion	-	1,717	(809)	-	909	-	909
Almasin, Jane Camille	-	954	(954)	-	-	-	-
ALVAREZ JR., ABEL	15,000		(15,000)	-	(15,000)	15,000	-
Alvarez, Michelle	-	745	(745)	-	-	-	-
Alvendia, Balani	-	537		-	537	-	537
Amacan, Normita	(1,613)	1,613		-	1,613	(1,613)	-
Amarante, Nora	(49,394)	13,638		-	13,638	(49,394)	(35,756)
Amlog, Jocelyn A.	45,000			-	-	45,000	45,000
Amoncio, Lilia	(600)			-	-	(600)	(600)
Amoroso, Dranyl	-	1,130	(377)	-	753	-	753
Ampatin, Estrella V.	225,626		(151,000)	-	(151,000)	225,626	74,626
Anagbogu, Ignatius	(5,000)	18,795	(13,795)	-	5,000	(5,000)	-
Andal Jr., Sergio	(776)	473	(1,391)	-	(919)	(776)	(1,695)
Andaya, Marie Jina	(1,330)	1,330		-	1,330	(1,330)	-
Andrada, Gayleen H.	200			-	-	200	200
Andrade, Ru-gie Ann	1,400			-	-	1,400	1,400
Ang-Angco Jr., Alfredo	-	2,017		-	2,017	-	2,017
Angeles, Emerito	(2,544)		2,544	-	2,544	(2,544)	-
Angkaw, Guia	-	17,059	(17,059)	-	-	-	-
Anido, Cecilia I.	79,257			-	-	79,257	79,257
Anot Jr., Juanito	-		(794)	-	(794)	-	(794)
Ansano, Bela R.	11,590			-	-	11,590	11,590
Apego, Christian	-	318	(318)	-	-	-	-
Apilado, Kathleen	1,300			-	-	1,300	1,300
APOLONIO, ROCEL	-	70,000	(70,000)	-	0	-	0
Apostol Jr., Romeo	-	4,737	(4,737)	-	0	-	-
Aquino, Anna Esperanza			(1,326)	-	(1,326)		(1,326)
Aquino, David Robert	-	1,254		-	1,254	-	1,254
Aquino, Jefferson	8,221	200	(8,421)	-	(8,221)	8,221	-
Aquino, Riza	(3,594)		3,594	-	3,594	(3,594)	-
Aquino, Timoteo	-	1,272	(553)	-	719	-	719
Aragones, Mary Ann F.	422			-	-	422	422
Araneta-Alana, Ma Nina	(1,999)	2,399	(400)	-	1,999	(1,999)	0
Arboleda, Allen Dave	-		(436)	-	(436)	-	(436)
Arceo, Emy	-	527	(527)	-	-	-	-
Arcilla, Ariel	-	636	(636)	-	-	-	-
Areola, Vina	7,700			-	-	7,700	7,700
Arevalo, Adulfo	(5,000)	11,942	(6,942)	-	5,000	(5,000)	-
Arizabal, Axel	-	354	(354)	-	-	-	-
Armingol, Kevin	-	781	(781)	-	-	-	-
Arreca, Emma	(2,502)	3,739		-	3,739	(2,502)	1,237
Arroyo, Emil R.	(980)			-	-	(980)	(980)
Arshed, Muhammad	-	636	(636)	-	-	-	-

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			Amounts Collected	*Amounts Written-Off*			
Artus, Glaiza	P 3,920	P 8,300	(P 8,070)	P -	P 230	P 3,920	P 4,150
Artuz, Earnest - SSSPP	-	8,258	(8,258)	-	-	-	-
Aseremo, Aleli Jihan	-	9,295	(9,295)	-	-	-	-
Asiatico, Ma. Dinah	-	1,908		-	1,908	-	1,908
Asis, Josephus Joannes	-	1,990	(1,536)	-	454	-	454
Asuit, Romeo	-	377	(377)	-	-	-	-
ASUNCION, ERIC JAYSON V	-	84,000	(84,000)	-	-	-	-
Asuncion, Janin Azeq Laxau R.	270			-	-	270	270
Asuncion, Miguel	-	753		-	753	-	753
Asuncion, Ruben	-	268	(268)	-	-	-	-
Atanacio, Fe A.	975			-	-	975	975
Atibagos, Florido	(2,544)	2,544		-	2,544	(2,544)	-
AURELIO, ANNA MAE T.	-	41,600	(41,600)	-	-	-	-
Avila, Virgilio	-	1,027	(373)	-	654	-	654
Awi, Eric	-	1,254		-	1,254	-	1,254
Ayson, Arcelli R.	10,000		(10,000)	-	(10,000)	10,000	-
Ayson, Rosalino	1,548	12,425	(13,973)	-	(1,548)	1,548	-
Ayque, Wilbert	(5,000)	127,934	(122,934)	-	5,000	(5,000)	-
Baccay, Yolanda	(2,206)	10,556	(8,350)	-	2,206	(2,206)	-
Badilla, Nelson S.	69			-	-	69	69
BAELLO, CHRISTINE	(1,920)	1,920			1,920	(1,920)	0
Baja, Lauro L.	996			-	-	996	996
Balasa, Mark	-	318	(318)	-	-	-	-
Balbuena, Prikem	200			-	-	200	200
Baldres, Ramil	2,300	9,800	(12,100)	-	(2,300)	2,300	-
Balictar, Cherrie Ann	-	1,363	(1,363)	-	-	-	-
Bantayan, Maria Emilia R.	5,710			-	-	5,710	5,710
Banzel, Emily	-	6,253	(6,253)	-	-	-	-
Baroque Jr, Teodoro	-	1,090	(890)	-	200	-	200
Barrios, Jonathan	-	2,344		-	2,344	-	2,344
Barro, Liana	(4,592)	4,592		-	4,592	(4,592)	-
Barroga, Ferdinand	-	168	(168)	-	-	-	-
Basa, Venus	-	1,363	(1,363)	-	-	-	-
Basinilio, Catherine	-		(844)	-	(844)	-	(844)
BATALLA, VERONICA	4,093			-	-	4,093	4,093
Batiller Jr., Gregorio	-	1,640	(731)	-	909	-	909
Batin, Judith J.	975			-	-	975	975
Bautista, Aimee Dresa			(1,363)	-	(1,363)		(1,363)
Bautista, Danilo	655			-	-	655	655
Bautista, Juan Andres	11,214			-	-	11,214	11,214
Bautista, Meinard	-	353		-	353	-	353
Bautista, Michelle	-	51,526	(200)	-	51,326	-	51,326
Bautista, Teresita	(197)	377	(1,309)	-	(931)	(197)	(1,128)
BAYONO, MONA EARL P.	-	41,600	(41,600)	-	-	-	-
BEJO, NOEL	18,525		(18,525)	-	(18,525)	18,525	-
Belardo, Amy	(5,000)	17,247	(12,247)	-	5,000	(5,000)	-
Belleza, Asuncion L.	826			-	-	826	826
Bello, Maria Eliza	-		(906)	-	(906)	-	(906)
Beltran, Loysabel	2,420	41,600	(2,420)	-	39,180	2,420	41,600
BENGO, MANUELITO	-	126,998	(126,998)	-	-	-	-
Benico, Ericson	14,500			-	-	14,500	14,500
Benicta, Eugeene			(681)	-	(681)		(681)
Beo, Christine	-	681	(681)	-	-	-	-
Bermachea, Ann Daryl	529			-	-	529	529
Bernaldez, Isachar	-		1,908	-	1,908	-	1,908
Bernardo, Daryl	-	636	(636)	-	-	-	-
Bernardo, Emily	-	116,834	(115,946)	-	889	-	889
Bernardo, Rodrigo	28,411			-	-	28,411	28,411
Betia, Jem Ryn	3,920	8,300	(8,128)	-	4,093	-	4,093
Betita, Eva	(980)			-	-	(980)	(980)
Bilan, Jeanette L.	1,326			-	-	1,326	1,326
Billoso, Manuel	(5,000)	6,294	(1,294)	-	5,000	(5,000)	-
Bingculado, Roger	-	9,300		-	9,300	-	9,300
Biron, Maricon	-	563	(563)	-	-	-	-
Bitagcul, Virgilio	(5,000)	6,892	(1,892)	-	5,000	(5,000)	-
Blas, Fe	-	115,850	(115,850)	-	-	-	-
Blas, Maria Theresa	(2,457)	2,457		-	2,457	(2,457)	-
Blas, Nikki	-	2,880	(536)	-	2,344	-	2,344
Bondoc, Bernardita Gwynne		681	(681)	-	-		-
Borgona, Earl Joseph	2,300	9,800	(12,100)	-	(2,300)	2,300	-
Borines, Marissa	-	168	(168)	-	-	-	-
Borja, Sofriano	-	16,600	(10,375)	-	6,225	-	6,225
Borja, Victoria Ana	(1,446)	1,446		-	1,446	(1,446)	-
Borras, Marie Franchesca	-	681	(681)	-	-	-	-
Botaslac, Benjamin	5,880	16,600	(16,255)	-	6,225		6,225
Briones, Domingo	11,376			-	-	11,376	11,376
Briones, Ritchelle	(3,758)			-	-	(3,758)	(3,758)
Brito, Razel	225			-	-	225	225
Brito, Ulysses	-	956	(956)	-	-	-	-
BRODBECK, ANNA MARIE G.		32,000		-	32,000		32,000

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Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
Bronce, Roentgen	P -	P 809	(P 809)	P -	P -	P -	-
Buen, Jennifer	(382)	9,800	(9,419)	-	382	(382)	-
Buenafe, Maria Belinda	5,833	41,227	(31,075)	-	10,151	5,833	15,984
BUENCONSEJO, ROSEMARIE	-	84,000	(84,000)	-	-	-	0
Bueno, Harold	-	345	(345)	-	-	-	-
Bueno, Marivic	10,371			-	-	10,371	10,371
BULANHAGUI, NIDA	48,436	1,564	(50,000)	-	(48,436)	48,436	-
Bunuan, Edita	(5,000)	6,616	(1,616)	-	5,000	(5,000)	-
Buquid, Apolonio A.	11,487			-	-	11,487	11,487
Burac, Joseph	-	8,160	(8,160)	-	-	-	-
Bustamante, Maria Christine	1,699			-	-	1,699	1,699
Buzon, Nancy	-	3,169	(994)	-	2,175	-	2,175
Caagbay, Elpidio Z.	7,375	16,600	(16,255)	-	7,720	-	7,720
CabaCaba, Mart Clever	(1,567)		1,567	-	1,567	(1,567)	-
Caballero, Dominador	-	636	(636)	-	-	-	-
Caballero, Marie Geraldine	-	2,044	(2,044)	-	-	-	-
Caballes, Bernadette	-	1,142		-	1,142	-	1,142
Cabaltica, Leilani A.	2,130			-	-	2,130	2,130
Cabantac, Ricardo	(3,449)	3,449		-	3,449	(3,449)	-
Cabasada, Albert R.	(38,248)			-	-	(38,248)	(38,248)
Cabasal, Herwin	-		(776)	-	(776)	-	(776)
Cabral, Raymond Nonnatus	82			-	-	82	82
Cabrera, Roberlyn	923	2,428		-	2,428	923	3,350
Cabuhayan, Erlyn	-	16,848	(17,779)	-	(931)	-	(931)
Cachero, Jason Decena	-	869		-	869	-	869
Cada, Rosalie	(761)	8,461	(7,700)	-	761	(761)	-
Cadorna, Rosemarie S.	656			-	-	656	656
Cainglet, Jan Seigfred	-	654	(654)	-	-	-	-
Cajuday, Noel	475			-	-	475	475
Calaque, Precy Mae	-	881		-	881	-	881
CaLINGASAN, Recto	-	713	(100)	-	613	-	613
Calisin, Kevin	(5,000)	7,741	(2,741)	-	5,000	(5,000)	-
Calpo, Romel	-	636	(636)	-	-	-	-
Calsado, Anna Carmi	-	454	(454)	-	-	-	-
Camaclang, Merlita J.	3,068			-	-	3,068	3,068
Cambe, Dhonna	(905)	905		-	905	(905)	-
Campos, Maria Paz	-	753		-	753	-	753
Canares, Jonathan	23,750			-	-	23,750	23,750
Cando, Cromwell	(3,903)	3,903		-	3,903	(3,903)	-
CANDOLETA, JEMN	-	3,150	(3,150)	-	-	-	-
Cañero, Marvin	-	277	(913)	-	(636)	-	(636)
Canoza, Geraldine	(11,078)	5,778	(900)	-	4,878	(11,078)	(6,200)
Cao, Marilou F.	77,166	28,075	(121,575)	-	(93,500)	77,166	(16,334)
Capaque, Curtis Sam	(2,544)	2,544		-	2,544	(2,544)	-
Caparas, Maria Vida	-	3,907	(4,688)	-	(781)	-	(781)
Caramanza, Edward M.	6,300			-	-	6,300	6,300
Caranguian, Rey	-	2,017		-	2,017	-	2,017
Carbonera, Jay Eulogio	-	2,344		-	2,344	-	2,344
Cardano, Benedicto	-	6,272	(6,272)	-	-	-	-
Carlos, Anna Christina	-	48,376	(48,376)	-	-	-	-
Carpio, Miguel M.	(67,585)			-	-	(67,585)	(67,585)
Carpio, Rustica	1,413			-	-	1,413	1,413
Casaclang, Editha	(1,285)			-	-	(1,285)	(1,285)
Casado, Eric	(550)	550		-	550	(550)	-
Casas, Criselda	(5,000)	18,356	(13,356)	-	5,000	(5,000)	-
Casis, Ferdinand	-	377	(377)	-	-	-	-
CASTILLO, CAROLINA	1,170			-	-	1,170	1,170
Castillo, Flordeliza	-	1,200	(1,200)	-	-	-	-
Castillo, Jan	-	2,456		-	2,456	-	2,456
Castillo, Paul Cornelius	-	556	(556)	-	-	-	-
Castillo, Perlita C.	5,000			-	-	5,000	5,000
Castro, Joeven	13,910	9,340	(23,250)	-	(13,910)	13,910	-
Castro, Lawrence Christopher	1,765		(869)	-	(869)	1,765	896
Catchillar, Ulysses	(2,909)	46,811	(45,022)	-	1,790	(2,909)	(1,119)
Cebu, Teodora Arlene	25,025			-	-	25,025	25,025
Ceniza, Herminigildo	-	1,826	(1,826)	-	-	-	-
Ceniza, Sergio	-	1,645	(482)	-	1,163	-	1,163
Cervantes-Poco, Maria Patricia	-	1,407	(653)	-	753	-	753
Chan, Gerard	-	800		-	800	-	800
Chanco, Christine R.	975			-	-	975	975
Chastein, Cherry P.	10,000			-	-	10,000	10,000
CHAVEZ, JAYSON	(85,615)	85,615	(85,615)	-	-	(85,615)	(85,615)
Chavez, Joel	(1,209)	301,606	(291,690)	-	9,916	(1,209)	8,707
Chua, Wilson	(5,000)	10,613	(5,613)	-	5,000	(5,000)	-
Chung, Joffrey	-	382	(382)	-	-	-	-
Cinco, Christine	-	89	(89)	-	-	-	-
CIUBAL, ANNABEL	(2,866)	2,866		-	2,866	(2,866)	-
CIUBAL, Willie	(5,000)	5,299	(299)	-	5,000	(5,000)	(0)
Clemente, Jellyn	-	1,254		-	1,254	-	1,254
CO, LEAH REBECCA C.	-	2,072		-	2,072	-	2,072

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CO, STEPHEN JAY	P 24,150	P	(P 24,150)	P -	(P 24,150)	P 24,150	-
Coladilla, Marilyn	-	427	(427)	-	-	-	-
CONCHA, JHONALYN	5,150		(5,150)	-	(5,150)	5,150	-
Conde, Alita	-	1,199	(806)	-	393	-	393
Conde Jr., Francisco	-	1,581		-	1,581	-	1,581
Constantino, Michelle Anne	5,880		(5,880)	-	(5,880)	5,880	-
Consumido, Anansa		1,363	(1,363)	-	-		-
Copiaco, Ross Joseph	(3,679)	3,679		-	3,679	(3,679)	-
Cordova, Maria Fleur	5,907			-	-	5,907	5,907
Coronejo, Rosemarie	(5,000)	10,851	(5,851)	-	5,000	(5,000)	-
Corpuz, Christina	(1,529)	3,277		-	3,277	(1,529)	1,748
Corpuz, Delia	(909)	121,470	(120,561)	-	909	(909)	-
Corpuz, Donn Christian	-	2,344		-	2,344	-	2,344
CORTEZ, LINA	11,040		(11,040)	-	(11,040)	11,040	-
Cortez, Myrna	(5,000)	13,330	(8,330)	-	5,000	(5,000)	-
Crisostomo, Mary Ann	2,940		(2,940)	-	(2,940)	2,940	-
CRUZ, ARIES	-	2,055	(737)	-	1,318	-	1,318
Cruz, Benjamin F.	7,000	1,000	(6,000)	-	(5,000)	7,000	2,000
Cruz, Bryan	1,500			-	-	1,500	1,500
Cruz, Eloisa G.	3,363			-	-	3,363	3,363
Cruz, Elvin	-	753		-	753	-	753
Cruz, Jayson	-	1,000		-	1,000	-	1,000
Cruz, Maria Ruth M.	(37,500)			-	-	(37,500)	(37,500)
Cruz, Marites J.	8,552			-	-	8,552	8,552
Cruz, Rebecca S.	16,195			-	-	16,195	16,195
Cruz, Sandra Lyn	44,781			-	-	44,781	44,781
Cruz, Teresita	-	1,054		-	1,054	-	1,054
Cuario, Rishirl	-	350	(1,194)	-	(844)	-	(844)
Cuason, Willy	(869)	2,186	(1,953)	-	233	(869)	(636)
Cuenca, Rene Martin	-	46,332	(46,332)	-	-	-	-
Cuevas, George	-	836		-	836	-	836
Cuibillas, Jorge	(5,400)		(3,000)	-	(3,000)	(5,400)	(8,400)
Culala, Harold John O.	2,634	1,735	(7,615)	-	(5,880)	2,634	(3,246)
Cunanan, Fernando M.	1,025			-	-	1,025	1,025
Da Silva, Marko Antonio	-	636	(636)	-	-	-	-
Dadulla Jr, Jose Pepito Yamongan	(2,700)	27,557	(24,857)	-	2,700	(2,700)	-
Dagal, Keneth Adrian	-		(931)	-	(931)	-	(931)
Dagalangit, Rahabansa	-	1,908		-	1,908	-	1,908
Daguiso, Alejandro	-	427	(427)	-	-	-	-
Dalao, Joseph	-	336	(336)	-	-	-	-
Dalit, Alexandre	-	1,563		-	1,563	-	1,563
Dalton, Juanita	618			-	-	618	618
Dayag, Kate Ashlyn	-		(1,525)	-	(1,525)	-	(1,525)
De Castro, Deo Lorenzo	(781)	781		-	781	(781)	-
De Dios, Christian Brian	-	6,873	(6,873)	-	-	-	-
De Guzman, Danielle	-		(776)	-	(776)	-	(776)
De Guzman, Guillerma	5,880	16,600	(16,255)	-	6,225	-	6,225
De Guzman, Jericho D.	8,460			-	-	8,460	8,460
De Guzman, Jonathan	3,920		(3,920)	-	(3,920)	3,920	-
De Jesus, Edilberto	-	101,186		-	101,186	-	101,186
De Jesus, Paul Anthony	-	7,500	(7,500)	-	-	-	-
De Leon, Allan	21,940		(21,940)	-	(21,940)	21,940	-
De Leon, Angelito	5,680	16,600	(16,005)	-	6,275	-	6,275
De Leon, Dino Robert			(1,499)	-	(1,499)		(1,499)
De Leon, Emma Rose H.	5,940			-	-	5,940	5,940
De Leon, Jocelyn	209,331	31,000	(224,061)	-	(193,061)	209,331	16,270
De Leon, John Angelo	-	728		-	728	-	728
De Leon, Lemuel	1,959	20,521	(16,255)	-	6,225	-	6,225
De Ocampo, Dhean	(1,330)	1,330		-	1,330	(1,330)	-
De Torres, Ana Maria Josefina	-	1,563		-	1,563	-	1,563
De Vera, Antonio	(5,000)	7,418	(2,418)	-	5,000	(5,000)	-
De Vera, Jose Rizalito	(5,000)	18,675	(13,675)	-	5,000	(5,000)	-
De Vera, Liorinda	-	436	(436)	-	-	-	-
De Vera, Michael	58,088	531	(531)	-	-	58,088	58,088
De Viana, Lorelei	(1,921)	18,167	(4,020)	-	14,147	(1,921)	12,227
Del Rosario, Julius	3,597		(2,940)	-	(2,940)	3,597	657
Del Rosario, Maria Theresa	(2,282)	16,908	(13,168)	-	3,740	(2,282)	1,458
Dela Cerna, Lyle	-	691		-	691	-	691
DELA CRUZ, ALMA EMERITA V	7,379	73,565	(43,894)	-	29,670	7,379	37,049
DELA CRUZ, CHRISTYBEL	(3,079)	3,079		-	3,079	(3,079)	-
DELA CRUZ, MARILAG	(5,000)	8,040	(3,040)	-	5,000	(5,000)	-
Dela Paz, Erica Silk	-	1,363	(1,363)	-	-	-	-
Dela Paz, Rosalinda Z. - OLD	10,336			-	-	10,336	10,336
Dela Rosa, Albert	-	739	(739)	-	-	-	-
DeLos Santos, Cesael	2,940	8,300	(8,128)	-	173	2,940	3,113
DELOS SANTOS, FELIPE	(8,435)	8,435		-	8,435	(8,435)	-
Defensor, Marshal	979			-	-	979	979
Defino, Lorna	(1,796)	1,796		-	1,796	(1,796)	-
Delgado, Emy	(2,576)	2,576		-	2,576	(2,576)	-
Delumen, Wilkie	-		(781)	-	(781)	-	(781)

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Destura, Blanca	(P 6,085)	P	P 6,985	P -	P 6,985	(P 6,085)	P 900
Deveraturda, Joana Paula	-	600	(2,099)	-	(1,499)	-	(1,499)
Diaz, Aeneas	-	881	(881)	-	-	-	-
Diaz, Fideliz	-	1,407	(653)	-	753	-	753
Diaz Jr., Reynaldo	22,940	8,300	(28,128)	-	3,113		3,113
Dimalanta, Ma. Clarinda	(680)	680		-	680	(680)	-
Dimalibot, Ma. Martina Geraldine	2,127			-	-	2,127	2,127
Dimzon, Marnelli	2,940	8,300	(7,090)	-	4,150		4,150
DINO, MS. DIVINA	(3,136)	3,136		-	3,136	(3,136)	-
Dionisio, Joseph	(31)	31		-	31	(31)	-
Dionisio, Maricar	-	140,000	(140,000)	-	-	-	-
Dizon, Kenneth Earl I.	200			-	-	200	200
DOBLE, FRANCISCO C	0			-	-	0	0
Doble, Jon Derek	130,800			-	-	130,800	130,800
Doctor, Marites	-	1,381		-	1,381	-	1,381
Doctolero, Priscila	(953)	9,238		-	9,238	(953)	8,284
Domingo, Efren			(681)	-	(681)		(681)
Domingo, Jonas	-	1,254		-	1,254	-	1,254
Dominico, Ruby	(1,275)	1,275		-	1,275	(1,275)	-
Dominguez Jr., Rex S.		30,646	(30,646)	-	-		-
DONESA, LYNN	-	56,000	(56,000)	-	(0)	-	-
Dorega, John John J	-	7,500	(8,438)	-	(938)	-	(938)
Duena Jr., Teoduro	-	1,019	(1,019)	-	-	-	-
Ducut, Mirela	7,348	14,606	(21,954)	-	(7,348)	7,348	0
DUKA, JHELMAR	(1,018)	1,018		-	1,018	(1,018)	-
Dulay, Greg	-	84,000	(63,843)	-	20,157	-	20,157
Dulay, Sofronio	(28,358)	4,602	(245,141)	-	(240,539)	(28,358)	(268,898)
Dumbrique, Marcelo	-	21,801	(636)	-	21,165	-	21,165
Dy, Alexander	-	1,090		-	1,090	-	1,090
Ebajo Jr., Virgilio	-	854	(854)	-	-	-	-
Eboy, Shariff	-	1,254		-	1,254	-	1,254
Echauz, Lydia	16,320			-	-	16,320	16,320
Edillon, Marcial	(840)	2,537	(1,698)	-	839	(840)	(1)
Edralin, Merry Joy	-	200	(200)	-	-	-	-
Eguilos - Caluya, Mylene	-	545	(545)	-	-	-	-
Elacion, Mary Angel	-	382	(382)	-	-	-	-
Eleazar, Glenda C.	5,880	276	(6,156)	-	(5,880)	5,880	-
Elman, Mario B.	(1,800)	6,139	(6,139)	-	-	(1,800)	(1,800)
ELLOSO, CRIS KEVIN G.	-	3,360	(3,360)	-	-	-	-
Embalsado Jr., Florencio	-		(806)	-	(806)	-	(806)
Encarnacion, John Paul	-	491	(491)	-	-	-	-
ENRIQUEZ, HELENDINA	848			-	-	848	848
Enriquez, Judee Anne	-	2,344	(781)	-	1,563	-	1,563
Era, Joy	-	427	(427)	-	-	-	-
ESCOBIA, IRMA	20,073		(40,850)	-	(40,850)	20,073	(20,777)
ESCOBIA, JAIME	1,035	270		-	270	1,035	1,305
Eser, Myline S.	33,036			-	-	33,036	33,036
ESGUERRA, NINA RICA		6,875	(3,438)	-	3,438		3,438
Esguerra, Ronald Hennessy	-	954	(954)	-	-	-	-
Espinosa, Aldrine Jay	-	2,756		-	2,756	-	2,756
Espinosa, William V.	3,325			-	-	3,325	3,325
Espiritu, Jeffrey Bryan	-	418	(418)	-	-	-	-
Esquibel, Brian	4,596			-	-	4,596	4,596
Esquibel, Elizabeth	5,000			-	-	5,000	5,000
Esquibel, Melissa		41,600	(41,600)	-	-		-
ESTOCADA, DONATO	-	3,150	(3,150)	-	-	-	-
Estrada, Gemee	-	2,512	(1,012)	-	1,500	-	1,500
Estrada, Ron Ed	3,920	8,300	(9,108)	-	3,113		3,113
Estrella, Gloria R.	1,460			-	-	1,460	1,460
Estrella, Luisito	880	35,703	(30,358)	-	6,225		6,225
Estrope, Basilisa	(9,653)	12,027	(12,663)	-	(636)	(9,653)	(10,289)
Evangelista, Erika	17,375			-	-	17,375	17,375
Evangelista, Rey	(3,643)	3,643		-	3,643	(3,643)	-
EVIZA, ALYSSA FAYE R	-	3,392	(3,392)	-	-	-	-
Fabros, Marietta	5,296			-	-	5,296	5,296
Falcis III, Jesus	-	1,272		-	1,272	-	1,272
Farolan, Mikhail E.	1,275			-	-	1,275	1,275
Faundo, Aurora L.	3,971			-	-	3,971	3,971
Ferreras, Alejandro	1,118			-	-	1,118	1,118
Fesalbon, Hermond F.	7,729			-	-	7,729	7,729
Fiesta, Erlinda	994			-	-	994	994
Figer, Reggy C.	24,300			-	-	24,300	24,300
Flores, Eunice	-	2,344		-	2,344	-	2,344
Flores, Miguela	(5,000)	11,005	(3,203)	-	7,802	(5,000)	2,802
Flores, Roberto	2,940	8,300	(8,128)	-	3,113		3,113
FLORIDA, JENNIFER	-	157,055	(118,285)	-	38,769	-	38,769
Francisco, Edgar	-	2,126		-	2,126	-	2,126
Francisco, Virlyn	-	1,581		-	1,581	-	1,581
Fulgar III, Ildefonso	(5,116)	5,656	(656)	-	5,000	(5,116)	(116)
FULGAR, ILDEFONSO	30,000		(30,000)	-	(30,000)	30,000	-

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			Amounts Collected	*Amounts Written-Off*			
Gabon, Danilo	P -	P 17,111	(P 10,886)	P -	P 6,225	P -	P 6,225
Gabriel, Karen Joyce	-	781	(781)	-	-	-	-
Gacias, Maricris	-	41,600	(41,600)	-	-	-	-
Galang Jr., Romeo	2,400	84,000	(86,940)	-	(2,940)	2,400	(540)
Galicia, Reynaldo	(7,040)	11,040		-	11,040	(7,040)	4,000
Galiza, Miguela S.	45,000			-	-	45,000	45,000
Gallardo, Armenio	-	1,199		-	1,199	-	1,199
Gallardo, John	13,000			-	-	13,000	13,000
Gamalinda, Carla	(2,454)	2,454		-	2,454	(2,454)	-
Ganchoon, Fretti	-	600		-	600	-	600
Ganzon, John Julius	-	2,419		-	2,419	-	2,419
Gapas, Wilfred Gabriel	-	1,363	(1,363)	-	-	-	-
Garcia, Arvin	(5,000)			-	-	(5,000)	(5,000)
Garcia, Dolores	50,000			-	-	50,000	50,000
Garcia, Earl Jimson R.	6,000			-	-	6,000	6,000
Garcia, GEORGE	-	3,360	(3,360)	-	-	-	-
Garcia, Ma. Fe	-	1,122	(1,122)	-	-	-	-
Garcia, Muriel	2,940	8,300	(8,128)	-	3,113	-	3,113
Garcia, Mylene	-	531	(1,063)	-	(531)	-	(531)
Garcia, Severino M.	320			-	-	320	320
Gariguez, Mariflor N.	10,591			-	-	10,591	10,591
Garmsen, David Joash			(536)	-	(536)		(536)
Gaspillo, Rudy	10,459	31,055	(35,901)	-	(4,846)	10,459	5,613
Gatcho, Manuel	-	1,772	(791)	-	981	-	981
Gavieta, Rommel	-	1,693	(1,693)	-	-	-	-
Gayondato, Jenny	-	536	(536)	-	-	-	-
Gener, Joycelyn	(1,090)	1,090		-	1,090	(1,090)	-
Geocaniga, Rommel	-	2,262	(809)	-	1,454	-	1,454
Gilera, Enrico	(3,762)	36,616	(3,994)	-	32,622	(3,762)	28,860
Giron, Anselmo	2,300	9,800	(12,100)	-	(2,300)	2,300	-
Gomez, Kim	-	318	(318)	-	-	-	-
Gongora, Marian		1,553	(1,553)	-	-		-
Gonzaga, Fitzgerald	(1,074)	1,074		-	1,074	(1,074)	-
Gonzales Jr., Benedicto	-	1,054		-	1,054	-	1,054
Gonzales, Emmanuel	(5,000)	18,527	(13,527)	-	5,000	(5,000)	-
Gonzales, Jayson	2,940	8,300	(7,090)	-	4,150	-	4,150
Gonzales, Julieta	-		(473)	-	(473)	-	(473)
Gonzales Jr., Manolito	2,940	8,300	(8,128)	-	3,113	-	3,113
GONZALEZ, Aurelle Marie	-	377	(1,284)	-	(906)	-	(906)
Gonzales Jr. Benedicto			(854)	-	(854)		(854)
Gonzales, Brian Benedict			(536)	-	(536)		(536)
GONZALEZ, NOEL A	-	20,000	(20,000)	-	-	-	-
Gorospe, Rene	-	1,163		-	1,163	-	1,163
Grasparil, James Andrew	(1,166)	1,166		-	1,166	(1,166)	-
Gregorio, Karen	-	2,344		-	2,344	-	2,344
Guana, Dominic		2,044	(2,044)	-	-		-
Guariño, Rebecca	(924)	924		-	924	(924)	-
Gudani, Vicente C	-	9,800	(12,100)	-	(2,300)	-	(2,300)
Guevarra, Dorvin	(5,000)	15,082	(10,082)	-	5,000	(5,000)	-
Guevarra, Remedios	956			-	-	956	956
Guillermo, Nemesio	5,512			-	-	5,512	5,512
Guillermo, Odranreb	-	268	(268)	-	-	-	-
Gumanay, Lyka Marie	-	2,144	(2,544)	-	(400)	-	(400)
Gutang, Marco	-	672	(672)	-	-	-	-
Gutierez, Jan Patrick	-	56,531	(57,063)	-	(531)	-	(531)
Gutierrez, Maria Myrel P.	3,844			-	-	3,844	3,844
Gutierrez, Mary Victory	(5,000)	5,381	(381)	-	5,000	(5,000)	(0)
Haciñas, Elizabeth	(2,972)	2,972		-	2,972	(2,972)	-
Halcon, Frederick	(3,000)			-	-	(3,000)	(3,000)
Halili, Mercyden	-	1,708	(2,108)	-	(400)	-	(400)
Hamero, Roselyn	2,940	8,300	(8,128)	-	3,113	-	3,113
Hernandez, Jan Joseph S.	23,851	8,300	(8,128)	-	24,023	-	24,023
Hernandez, Paul	-		(869)	-	(869)	-	(869)
Herrera, Michael	1,620	377	(4,119)	-	(3,742)	1,620	(2,122)
Hilario, Jacqueline E.	1,124			-	-	1,124	1,124
HOCSON, SHEILA MARIE	945	11,308	(9,808)	-	1,500	945	2,445
Honorica, Wenceslao	(3,915)	3,915		-	3,915	(3,915)	-
Hosaka, Jenicka Elizabeth	-	454	(454)	-	-	-	-
Hsu, Hao Wei	-	681	(681)	-	-	-	-
Ibarra, Jose Vener	-	1,407	(653)	-	753	-	753
IGUAS, JOSE	(1,088)	1,088		-	1,088	(1,088)	-
Ignacio, Louie Benedict	-	1,417	(1,817)	-	(400)	-	(400)
Ignacio, Lourdes D.	(132)			-	-	(132)	(132)
Ignalaga Jr., Francisco	-	1,090		-	1,090	-	1,090
Ilagan, Laly	-	1,054	(1,054)	-	-	-	-
Inciong, Cherry Wyne	1,850	2,340		-	2,340	1,850	4,190
Israel, Dr. Marietta	(1,693)	1,693		-	1,693	(1,693)	-
JABEGUERO, HILARIO	-	1,582	(1,582)	-	-	-	-
Jacinto, Archie	-	1,935	(1,935)	-	-	-	-
Jagolino, Rosalyn	-	1,246	(1,246)	-	-	-	-

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FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES

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Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
Janagap, Fe Q.	P 5,131	P	P	P -	P -	P 5,131	P 5,131
Javier, Filemon	-	1,063	(1,063)	-	-	-	-
Javier, Nancy Joan	5,296			-	-	5,296	5,296
Jonson, Bienvenido	-	591	(591)	-	-	-	-
Jorda, Erwin	-	2,038		-	2,038	-	2,038
Joromal, Richmond	2,250			-	-	2,250	2,250
Jose, Angelina	33,226	591,187	(79,725)	-	511,462	33,226	544,689
Jumamil, Ana Nelia	(1)	532	(1,063)	-	(530)	(1)	(531)
Jumawan, Ferdinand Lou	-	16,600	(10,375)	-	6,225	-	6,225
Jumrani, Aliakhbar	-	1,499	(1,390)	-	109	-	109
Junio, Jobeth			(16,002)	-	(16,002)		(16,002)
Junio, Nenitha	240			-	-	240	240
Kenny, Isabel	64,000			-	-	64,000	64,000
Kim, Chul Su	2,844		(2,940)	-	(96)	-	(96)
Kliatchko, John Manuel	-		(781)	-	(781)	-	(781)
Kuan, Robert	26,696	939,310	(100,000)	-	839,310	26,696	866,006
Lacaden, Raffy	-	84,000	(84,881)	-	(881)	-	(881)
Lacanilao, Gary	375			-	-	375	375
Lacson, Abigail	(5,395)	5,395		-	5,395	(5,395)	-
Ladera, Renville	(5,000)	6,125	(1,125)	-	5,000	(5,000)	0
Lajara, Galilea R.	3,600			-	-	3,600	3,600
Lamorena, Juditha M.	1,136			-	-	1,136	1,136
LANDAGAN, MYRA DELOS REYES	-	32,000	(32,000)	-	-	-	-
Landicho, Michel	(1,523)	1,523		-	1,523	(1,523)	-
Lansang Jr., Nicolas	(776)			-	-	(776)	(776)
Lantican, Mark Lixcel	-	377	(377)	-	-	-	-
Lao, Gilbert	2,940		(2,940)	-	(2,940)	2,940	-
Lapastora, Milagros - OLD	(2,928)	5,934	(934)	-	5,000	(2,928)	2,072
LARDA, EDMUNDO	1,294			-	-	1,294	1,294
Lascota, Karen	300			-	-	300	300
Las Pinas, Mary Grace	-	93,267	(1,250)	-	92,017	-	92,017
Lasquete, Jerome	-	600	(600)	-	-	-	-
Lauro, Jocelyn	(5,000)	12,890	(7,890)	-	5,000	(5,000)	(0)
Lauzon, Nicolas	(548)			-	-	(548)	(548)
Laxamana, Rachel	(5,000)	6,886	(1,886)	-	5,000	(5,000)	-
Laza, Benilda	(31)	31		-	31	(31)	-
LEAL, ALFREDO	-	511	(511)	-	-	-	-
Lee, Chang Woo	2,940	8,300	(8,128)	-	3,113	-	3,113
Leocadia, Michelle Dela Cruz	-	2,044	(2,044)	-	-	-	-
Leonardo, Raul	3,738			-	-	3,738	3,738
Lewis, Salome	-	454	(454)	-	-	-	-
Libante, Karl Nikko	-	687	(687)	-	-	-	-
Liberato, Amante	-	1,808	(536)	-	1,272	-	1,272
Libut, Jonathan Eli		2,044	(2,044)	-	-		-
Lim, John Paul	-	545	(545)	-	-	-	-
Lim, Mary Rocelyn			(1,937)	-	(1,937)		(1,937)
Lim, Nathaniel	(6,757)	6,905		-	6,905	(6,757)	149
Lim, Richmond	-		(906)	-	(906)	-	(906)
Limjap, Auxencia	(11,997)	23,791	(16,255)	-	7,536	(11,997)	(4,461)
Limkian, Mary Ann	-	2,419		-	2,419	-	2,419
Lindo, Alicia	1,209			-	-	1,209	1,209
LINTAG, GRACIEL	-	42,000	(42,000)	-	-	-	-
Lirio, Mary Rose	-	2,344		-	2,344	-	2,344
Littaua, Jerico Jay	-	11,583	(11,583)	-	-	-	-
Liwanag, Ma. Rubyanne	-	1,520	(1,520)	-	-	-	-
Liwanag, Marichu	(1,119)	1,519	(400)	-	1,119	(1,119)	-
Lizada, Hannah	-	1,581		-	1,581	-	1,581
Llacuna, john Lemuel	-	1,272		-	1,272	-	1,272
Lluz, Samarlita	5,192			-	-	5,192	5,192
Loanzon, Victoria	-	981		-	981	-	981
Locnen, Joshua Yves	-	11,583	(11,583)	-	-	-	-
Lopena, Cleo	362			-	-	362	362
Lopez, Joseph	-	900	(900)	-	-	-	-
Lopez, Martin Z.	113,378		(52,420)	-	(52,420)	113,378	60,958
Lopez, Mercedita P.	(5,000)	50,341	(45,341)	-	5,000	(5,000)	-
Lopez Jr., Renato	-	1,613	(1,189)	-	423	-	423
Lopez, Ricardo	(2,599)	14,292	(11,693)	-	2,599	(2,599)	-
Loresco, Julie Ann	-	1,853		-	1,853	-	1,853
Luansing, Ma. Emelita	(159)	159		-	159	(159)	-
Lumacad, Jonathan	-	2,344		-	2,344	-	2,344
Luyun, Teofilo	(5,000)	18,773	(13,773)	-	5,000	(5,000)	-
Mabbagu, Reymund	(545)	545		-	545	(545)	-
Macadangdang Jr. Romulo	-	1,363	(1,363)	-	-	-	-
MACALAQUING, MATEO	(1,058)	1,058		-	1,058	(1,058)	(0)
Macapagal, Arnualdo	(10,000)	23,992	(13,992)	-	10,000	(10,000)	-
Macapagal, Jeffrey	-	681	(681)	-	-	-	-
Macapinlac, Joven	-		(806)	-	(806)	-	(806)
Macaraeg, Paul - OLD	6,436			-	-	6,436	6,436
Macaraig, Melinda	4,849			-	-	4,849	4,849
Macasaet, Grace Minerva	(5,000)	13,367	(8,367)	-	5,000	(5,000)	-

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Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
Macaspac, John Aries	P -	P 1,054	P	P -	P 1,054	P -	P 1,054
Madrazo, Arnel	-	2,725	(3,125)	-	(400)	-	(400)
Madriaga, Jonalyn	-	536	(536)	-	-	-	-
Madriaga, Joventina	(5,000)	6,650	(1,650)	-	5,000	(5,000)	-
Madrid, Lady	-	591	(591)	-	-	-	-
Madrunio, Edlourd	(1,672)	1,672		-	1,672	(1,672)	-
Magana, Roderick	-	454	(454)	-	-	-	-
Magat, Wendell	-	2,900	(1,450)	-	1,450	-	1,450
Magbujos, Mary Rose	(670)	473		-	473	(670)	(197)
MAGKASI, MA. ELIZA MARGARITA	-	86,851	(66,517)	-	20,334	-	20,334
Maglanque, Aida	-	168	(168)	-	-	-	-
Magnaye, Alejandro	-	1,363	(1,363)	-	-	-	-
Magpantay, Lorna	2,238			-	-	2,238	2,238
Magumun, Van Angelo	-	1,908		-	1,908	-	1,908
Malabanan, Laila	-	527	(527)	-	-	-	-
Malagar, Marlo			(600)	-	(600)		(600)
MALITAO, ARNEL	-	126,998	(126,998)	-	-	-	-
Maliwat, Herminia	14,373			-	-	14,373	14,373
Mallari, Mary Anne	-	2,235		-	2,235	-	2,235
Mallari, Roel	(982)	982		-	982	(982)	-
Mallo, Eloisa	(2,108)	2,108		-	2,108	(2,108)	-
Malonzo, Ella Margarita	2,104			-	-	2,104	2,104
Malonzo, John	-	26,114	(26,114)	-	-	-	-
Mamaid, Melanie	(2,972)	3,172	(200)	-	2,972	(2,972)	-
Mamaradlo, Leo	-		(582)	-	(582)	-	(582)
MAñALAC, ELISA	-	70,639	(31,109)	-	39,530	-	39,530
Manalansan, Efren	-	681	(681)	-	-	-	-
Manalili, Burton	(721)	721		-	721	(721)	-
MANAOIS, MARIO	-	3,636		-	3,636	-	3,636
Manarpiiz, Candido	(5,000)	10,000	(5,000)	-	5,000	(5,000)	-
Mance, Marilyn	-	1,285	(377)	-	909	-	909
Mandapat, Raymond	-	1,908		-	1,908	-	1,908
Mangahas, Drake Dryden	(2,835)	2,835		-	2,835	(2,835)	-
Mangente, Myra	-	377	(377)	-	-	-	-
Manlapaz, Divine Grace - OLD	5,000			-	-	5,000	5,000
Manongsong, Marie Joyce	-	1,717	(809)	-	909	-	909
Manrique, Elenita - OLD	17,000			-	-	17,000	17,000
Mansueto, christian Michael	-	1,072	(418)	-	654	-	654
Manzano, Ronald	9,583	10,481	(5,481)	-	5,000	9,583	14,583
Marcelino, Ariel	(3,132)	3,132		-	3,132	(3,132)	-
Marcelo, Teresita	(539)	539		-	539	(539)	-
Marcial, Johnny	390			-	-	390	390
MARCIAL, MARIDEL	1,086			-	-	1,086	1,086
Mariano, Maria Lourdes	(5,000)	29,990	(24,990)	-	5,000	(5,000)	-
Mariñas, Luzviminda	5,880	16,600	(16,255)	-	6,225	-	6,225
Mariscotes, Maria Norlinda	(5,000)	8,887	(3,887)	-	5,000	(5,000)	-
Marquez, Maria Gwendolyn	-	377	(377)	-	-	-	-
Martillo, Pocholo	-	377	(377)	-	-	-	-
Martin, Grace	116			-	-	116	116
Martin, Romeo	-	1,799		-	1,799	-	1,799
Martinez, Jocelyn	(6,057)	6,057		-	6,057	(6,057)	-
Martinez, Maria Teresa	-	2,300	(794)	-	1,506	-	1,506
Masa, Jan Racky	(2,544)	37,293	(34,749)	-	2,544	(2,544)	-
Medina, Buenaventura Jr. S.	1,050			-	-	1,050	1,050
Medina, Joy	(940)	5,798	(1,396)	-	4,402	(940)	3,462
Membrebe Jr., Zosimo	-		(509)	-	(509)	-	(509)
Mendez, Frances Nicola	-		(553)	-	(553)	-	(553)
Mendoza, Catherine	-	10,080		-	10,080	-	10,080
Mendoza, Ferdinand	(315)			-	-	(315)	(315)
Mendoza, Jobert	10,000			-	-	10,000	10,000
Mendoza, Malaya S.	6,172	1,478		-	1,478	6,172	7,650
Mendoza, Norberto	(3,322)	3,322		-	3,322	(3,322)	-
Mendoza. Rachel	-	1,363	(781)	-	582	-	582
Mendoza. Sophia	-	200	(200)	-	-	-	-
Meneses, Robin	(3,368)	3,368		-	3,368	(3,368)	-
Menez, Karren	(4,418)	36,419	(32,001)	-	4,418	(4,418)	-
Menorca, Joderick	-		(2,181)	-	(2,181)	-	(2,181)
Mercado, Ryan Christian	-	112,000	(112,000)	-	-	-	-
Mercurio, Julie	-	377	(377)	-	-	-	-
Merina, Joel	(1,604)	1,604		-	1,604	(1,604)	-
Mesina, Karen	(4,000)			-	-	(4,000)	(4,000)
Miguel, Emmanuel - OLD	6,620			-	-	6,620	6,620
Milagrosa, Alexander	2,940	8,300	(7,090)	-	4,150	-	4,150
MILLADO, NOEL	-	275	(275)	-	-	-	-
Miñas, Geraldine C.	(4,742)	4,742		-	4,742	(4,742)	-
Miñas, Sherwin	-	511	(511)	-	-	-	-
MINA, MARIA CORAZON H.	-	9,310	(6,475)	-	2,835	-	2,835
Mintu, Cynthia	(313)	313		-	313	(313)	-
Miranda, Jack Andrew	-	753	(553)	-	200	-	200
Molate, Marie Locelle M.	(2,152)	32,683	(31,453)	-	1,229	(2,152)	(923)

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Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
MOLATE, MARIE LOCELLE	P 6,700	P	(P 6,700)	P -	(P 6,700)	P 6,700	P -
Molina, Mark Oliver	5,880	562,000	(296,755)	-	265,245	5,880	271,125
Molina, Mark Oliver P.	96,877		(100,000)	-	(100,000)	96,877	(3,123)
Moneza, Bethlehem	-	806	(2,169)	-	(1,363)	-	(1,363)
Monfero, Rowena	(5,000)	133,619	(123,663)	-	9,956	(5,000)	4,956
Monong, Cora - OLD	6,000			-	-	6,000	6,000
Monsod, Katrina Diane	-	4,807	(881)	-	3,926	-	3,926
Montalbo, Soledad	(2,544)	2,544		-	2,544	(2,544)	-
Montano, Moses M.	942			-	-	942	942
Montinola, Antonio	15,680	100,000		-	100,000	15,680	115,680
Montinola, Aurelio	(5,850)	169,437	(12,134)	-	157,303	(5,850)	151,453
Montinola, Gianna	6,323	6,154	(3,402)	-	2,752	6,323	9,075
Montinola, Juan Miguel R.	(13,790)	453,160	(384,861)	-	68,299	(13,790)	54,509
MONTINOLA, LOURDES R.	-	100,000		-	100,000	-	100,000
Moog, Evelyn	(2,464)	123,025	(120,561)	-	2,464	(2,464)	-
Morabe, Babsie	5,000	13,357	(18,357)	-	(5,000)	5,000	-
MORALES, LOURDES	(4,174)	4,174		-	4,174	(4,174)	-
Morante, Kathleen			(318)	-	(318)		(318)
Muria, Ramel	-	1,638	(636)	-	1,002	-	1,002
Nacu, Rommel Vicente	-	681	(681)	-	-	-	0
Nagal, Glenn Z.	(19,250)	26,420	(51,732)	-	(25,312)	(19,250)	(44,563)
Naguit, Alfonso	-	169	(169)	-	-	-	-
Naim, Ali	-	509	(509)	-	-	-	-
Napoles, Myra	-	2,344	(654)	-	1,690	-	1,690
Narciso, Wilfredo - OLD	5,296			-	-	5,296	5,296
Narval, Antonio G.	880	29,793	(24,448)	-	6,225	-	6,225
Natera, Malvin - OLD	4,122			-	-	4,122	4,122
Navarrete, Angelica	-	1,290	(1,290)	-	-	-	-
Navarro, Donnie Arth P.	4,900			-	-	4,900	4,900
Nebril, Jonathan	4,907			-	-	4,907	4,907
Neo, Helen Azor	-	200	(200)	-	-	-	-
Niedao, Lazaro	(5,000)	24,012	(17,812)	-	6,200	(5,000)	1,200
Nicer, Joselito C.	320			-	-	320	320
Nicolas, Lloyd Mark	(5,000)	29,320	(24,320)	-	5,000	(5,000)	-
Nietes, Reymon - OLD	16,689			-	-	16,689	16,689
Nieto, Rowena	4,116	1,400	(4,916)	-	(3,516)	4,116	600
Noble, Gina	-	1,254		-	1,254	-	1,254
Nocellado, James	-	894		-	894	-	894
Nocon, Christopher Rey	2,940	8,300	(8,128)	-	173	2,940	3,113
Nolido, Reginald	(1,884)	2,260	(377)	-	1,884	(1,884)	-
Nora, Jon Paolo	5,880	33,200	(24,555)	-	14,525	-	14,525
Nuqui, Romeo	(5,000)		(25,000)	-	(25,000)	(5,000)	(30,000)
NUESA, SHERISA P.	-	100,000		-	100,000	-	100,000
Nuestro, Mc Naicol Anthony	-	1,563	(844)	-	719	-	719
Nuestro, Sarah Joyce	11,032			-	-	11,032	11,032
Nuqui, Romeo	-	40,791	(10,791)	-	30,000	-	30,000
OBMERGA, FRANCISCO	-	56,000	(56,000)	-	-	-	-
Ocampo, Elizabeth	-	491	(491)	-	-	-	-
Ocampo, Walther	181			-	-	181	181
Ocampo, Wilfredo - OLD	1,150			-	-	1,150	1,150
Ochotorena, Fe	2,300	9,800	(12,100)	-	(2,300)	2,300	-
Ogot, Maria Kristina	-	31,833	(31,667)	-	166	-	166
Ojimba, Edmund	4,209		(4,209)	-	(4,209)	4,209	-
Olay, Ahmad	-	636	(636)	-	-	-	-
Olipany, Ruby	(5,000)	9,947	(4,947)	-	5,000	(5,000)	-
Olipas, Lorina - OLD	200			-	-	200	200
Oliver, Michael	2,940	8,300	(8,128)	-	173	2,940	3,113
Olivo, Shirley	-	7,500	(8,369)	-	(869)	-	(869)
Ong, Jerusha	(473)	473		-	473	(473)	-
Ong, Johnson	2,300	9,800	(9,800)	-	-	2,300	2,300
Ong, Paul	(1,623)	1,623	(2,300)	-	(678)	(1,623)	(2,300)
Orcullo, Eddieson	2,940	8,300	(7,090)	-	4,150	-	4,150
Origen, Glaiza	(5,000)		(4,074)	-	(4,074)	(5,000)	(9,074)
ORMILON JR., ROGELIO C	-	32,963	(32,963)	-	-	-	-
Orolfo, Teodora	988			-	-	988	988
Orozco, Glorina	(5,000)	19,230	(14,230)	-	5,000	(5,000)	-
Orozco, Jayson	-	1,908		-	1,908	-	1,908
Pabiton, Jose Marlon	-	1,545	(1,708)	-	(163)	-	(163)
Pacquing, Elizabeth	(3,577)	2,377		-	2,377	(3,577)	(1,200)
Padilla, Maria Eleonor - OLD	1,431			-	-	1,431	1,431
Padua, Mark FF	-	418	(418)	-	-	-	-
Padua, Maybelle	(1,789)	1,789		-	1,789	(1,789)	-
Paglingayen, Joseph Ryan	-	781	(781)	-	-	-	-
Paguio, Carolina	11,583			-	-	11,583	11,583
Paguio, Floyd	111			-	-	111	111
PAGUIRIGAN, VIVIANA	(4,739)	4,739		-	4,739	(4,739)	-
Pahutan, Ludivinia	-	531	(1,063)	-	(531)	-	(531)
Pajes, Mary Jane	-	14,110	(14,110)	-	-	-	-
Pajuyo, Driselle	-	16,600	(10,375)	-	6,225	-	6,225
Palenzuela, Rowena	(5,000)	12,396	(7,396)	-	5,000	(5,000)	-

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			Amounts Collected	*Amounts Written-Off*			
Pamilar, Ernesto F.	P 4,596	P	P	P -	P -	P 4,596	P 4,596
PAMITTAN JR., GENEROSO	-	72,731	(200)	-	72,531	-	72,531
Pancho, Fiachra Gil	618			-	-	618	618
Pangan, Nielson	-	781	(2,735)	-	(1,954)	-	(1,954)
Panganiban, Carolina A.	8,340			-	-	8,340	8,340
Pangilinan, Daisy	-		(844)	-	(844)	-	(844)
PANGILINAN, GENICE R		1,200	(600)	-	600		600
Panis, Kimberly Nicole	-	1,363	(1,363)	-	-	-	-
Pantas, Felix	(555)	3,435	(2,880)	-	555	(555)	-
Panzo, Salome U.	725			-	-	725	725
Papa, Adriano Jr.	5,500			-	-	5,500	5,500
Paraiso, Lourdes Oliva- OLD	79,848	18,030	(13,030)	-	5,000	79,848	84,848
Paras, Eugene	-	836	(600)	-	236	-	236
Paras, Renato - OLD	50,000			-	-	50,000	50,000
Parugrug, Larra Lei	-	1,688	(1,688)	-	-	-	-
Parungao, Edwardo	-	354	(354)	-	-	-	-
Pasana, Lorelei	(1,342)	1,342		-	1,342	(1,342)	-
Pascua, Esperanza	-	1,908		-	1,908	-	1,908
Pascua, George	4,900			-	-	4,900	4,900
Pascua, Jennifer - OLD	40,628	18,654	(13,654)	-	5,000	40,628	45,628
Pascual, Danilo	9,175			-	-	9,175	9,175
PASCUAL, MA. CRISTINA A.	-	32,000	(32,000)	-	-	-	-
Patadlas, Marie Grace	(1,119)	41,600	(41,600)	-	(0)	(1,119)	(1,119)
Patdu, Ivy	(2,272)	2,726	(454)	-	2,272	(2,272)	0
Paulo, Lorie May G.	32,000		(32,000)	-	(32,000)	32,000	-
Paz, Ellen	2,403			-	-	2,403	2,403
Paz, Emily C.	6,459			-	-	6,459	6,459
Paz, Maria Elena D.	41,600		(41,600)	-	(41,600)	41,600	-
Pe Benito, Galahad Richard	-	1,281	(482)	-	800	-	800
Pearson, Lou Dominic	57,664			-	-	57,664	57,664
Pecundo, Melissa	-	636	(636)	-	-	-	-
PEDREGOSA, GLAIZA O	-	13,029	(2,456)	-	10,574	-	10,574
Pelias, Christopher	(5,000)	7,976	(2,976)	-	5,000	(5,000)	-
Pelino, Jolly	2,940	8,300	(8,128)	-	3,113	-	3,113
Penarubia, Christopher	(5,660)			-	-	(5,660)	(5,660)
Penit, Bernalyn	1,920		(1,920)	-	(1,920)	1,920	-
Peren, Anelyn	(619)	619		-	619	(619)	-
Perez, Angelito Rene	3,602			-	-	3,602	3,602
Perez, Hector	6,200	30,727	(17,313)	-	13,415	6,200	19,615
Perez, Winnie	(5,000)	16,924	(11,924)	-	5,000	(5,000)	(0)
Permalino, Albert Emmanuel S.	7,061			-	-	7,061	7,061
PICADIZO, RAMON	938			-	-	938	938
PICZON, EVANGELINE L	1		(1)	-	(1)	1	-
Pidlaoan Jr., Antonio	(5,000)	18,362	(13,362)	-	5,000	(5,000)	0
Pineda, Josefina S.	8,640	28,800	(37,440)	-	(8,640)	8,640	-
PINEDA, RODOLFO	974			-	-	974	974
PINGOL, ROCHELLE	-	4,200	(4,200)	-	-	-	-
PIZARO, ARTHUR P.	-	56,000	(56,000)	-	-	-	-
Policarpio, Ma. Lourdes	(364)	364		-	364	(364)	-
Polido, Jelyca	5,880	16,600	(16,255)	-	345	5,880	6,225
Ponce, Elvin	-	1,920	(1,920)	-	-	-	-
Pontillas, Kristine Idda	-	1,181	(1,181)	-	-	-	-
Poquiz, Salvador	-	1,154	(318)	-	836	-	836
Privado, Ma. Victoria	(6,882)	6,882		-	6,882	(6,882)	-
Publico, Hilario - OLD	5,377			-	-	5,377	5,377
Pulido, Dennis	(688)	3,031		-	3,031	(688)	2,344
Punsalan, Angelita	-	122,162	(122,162)	-	-	-	-
Punzalan, Maria Pamela	-	1,608	(1,608)	-	-	-	-
Punzalan, Noel Oliver	-	377	(377)	-	-	-	-
Quan, Ryan Jeremiah	-	700	(700)	-	-	-	-
Querijero, Glen Hilario - OLD	5,000			-	-	5,000	5,000
Quesada, Suzette	-	2,344		-	2,344	-	2,344
Quijencio Jr., Wilfredo	-		(100)	-	(100)	-	(100)
Quines, Dante	600	2,175	(2,775)	-	(600)	600	-
Quines, Dante P.	300			-	-	300	300
Quintanar, Janeth - OLD	5,367			-	-	5,367	5,367
Quinto, Myrna	283,662	605,545	(597,017)	-	153,869	138,321	292,190
Quinto, Myrna				-			-
Quintos, Francez Ann	-	636	(636)	-	-	-	-
Quizon, Juan Miguel	-	445	(445)	-	-	-	-
RABANG, RISA JENICA	-	5,340	(4,200)	-	1,140	-	1,140
RAMILO, RYAN	1,500			-	-	1,500	1,500
Ramirez, Pat Kathlyn Dione T	-			-	-	-	-
Ramirez, Percival	(3,350)	8,033	(4,683)	-	3,350	(3,350)	-
Ramones, Rhozallino resigned 5-4-16 - OLD	(1,265)	1,265		-	1,265	(1,265)	-
Ramos, Bernadette	-	7,500	(7,500)	-	-	-	-
Ramos, Eduardo Teodoro	-	2,725	(3,475)	-	(750)	-	(750)
Ramos, Ezra	-	681	(681)	-	-	-	-
Ramos, Jona Anne	-	1,490		-	1,490	-	1,490
Ramos, Raymond Kenneth	-	681	(1,525)	-	(844)	-	(844)

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			Amounts Collected	*Amounts Written-Off*			
Ramos, Rosemarie	P 6,640	P 25,050	(P 13,305)	P -	P 11,745	P 6,640	P 18,385
Rañola, Yves	7,121		(980)	-	(980)	7,121	6,141
Ranosa, Rasam Edel	-	454	(454)	-	-	-	-
Rapirap, Raquel	40,887	114,343	(119,005)	-	25,338	10,887	36,225
Rapirap, Raquel T.				-			-
Razon, Benedict E.	975			-	-	975	975
Real Jr., John Roy		1,384	(1,384)	-	-		-
Rebosa, Antonio	-	477	(418)	-	59	-	59
Redillas, Ryan	-	1,363	(1,363)	-	-	-	-
Regudo, Heidi K.	1,875			-	-	1,875	1,875
Relente, Miguelito	-		(7,850)	-	(7,850)	-	(7,850)
Relos, Vivian Daphne	-	916	(916)	-	-	-	-
Relucio, Stephanie	-	1,908		-	1,908	-	1,908
Reoperez, Marie Grace	32,948	50,845	(38,346)	-	47,315	(1,868)	45,448
Reoperez, Marie Grace				-	-		-
Retoriano, Kerfelcel	580			-	-	580	580
Retuerma, Vanessa	750			-	-	750	750
Rey, Noel Dennis Antonio	-	681	(1,217)	-	(536)	-	(536)
Reyes, Cecil	(270)			-	-	(270)	(270)
Reyes, Herbert- OLD	4,555			-	-	4,555	4,555
Reyes, Ma. Editha	-	2,000	(1,200)	-	800	-	800
Reyes, Marlen	-	2,235		-	2,235	-	2,235
Reyes, Maria Fleur de liz	-	16,848	(16,848)	-	-	-	-
Reyes, Maria Veronica		8,700		-	8,700		8,700
Reyes, Melodia S.	4,623	16,904	(22,135)	-	(5,232)	4,623	(609)
Reyes, Mercedes	13,067			-	-	13,067	13,067
Reyes, Oliver Xavier	-	900	(900)	-	-	-	-
Reyes, Richard Glenn	-	2,000	(400)	-	1,600	-	1,600
Reyes, Robert	-	2,344		-	2,344	-	2,344
Reyes, Ronaldo	-	1,439	(1,439)	-	-	-	-
Reyes, Rowena	(9,629)	9,629		-	9,629	(9,629)	-
Riego, James bRyan	(2,458)	2,458		-	2,458	(2,458)	-
Riguera, Manuel			(963)	-	(963)		(963)
Rimano, Joy	(358)	33,187	(28,979)	-	4,207	(358)	3,850
Ringor, Frea Bartolome		1,090	(1,090)	-	-		-
Rio, Rommel Marvin			(591)	-	(591)		(591)
Ritualo III, Servillano	-	1,663		-	1,663	-	1,663
Rivera, Vim Kiester		1,163	(1,163)	-	-		-
Roces, Carolina	-	27,236	(377)	-	26,858	-	26,858
Roma, Dominic	-	1,581		-	1,581	-	1,581
Rondaris, Mary Ann	-	1,363		-	1,363	-	1,363
Rosal, Josefina T.	1,000			-	-	1,000	1,000
Rosales, Alvin	-	1,363	(1,363)	-	-	-	-
Rubio, Marisa	(2,397)	2,397		-	2,397	(2,397)	-
Rufo, Rowena	(4,508)	3,665	(275)	-	3,390	(4,508)	(1,119)
Saguinsin, James Owen	(3,504)	3,504		-	3,504	(3,504)	-
Sagun, Jose Arnold C.	1,063			-	-	1,063	1,063
Sagut, Jeysie S.	-	56,000	(56,000)	-	-	-	-
SALAMAT, JAYVIE PAULO M.		3,360		-	3,360		3,360
Salaysay, Analiza	-	200	(200)	-	-	-	-
Salcedo, Rosanna	(1,890)	44,463	(16,139)	-	28,324	(1,890)	26,434
Salcedo, Vera Shayne	-	909		-	909	-	909
Salgado, Ronnie Leon	-	2,794	(864)	-	1,930	-	1,930
Salise, Percival	-	2,975	(1,363)	-	1,613	-	1,613
Salles, Karen	-	2,344		-	2,344	-	2,344
SALLOMAN, PHILIP	82			-	-	82	82
Saloma, Hershe Fe	-	781	(781)	-	-	-	-
Salonga, Virginia	-	527	(527)	-	-	-	-
Salunga, Loida - OLD	14,961			-	-	14,961	14,961
Salustiano, Rosalinda	-	1,663		-	1,663	-	1,663
Salvado, Rowena- OLD	22,160			-	-	22,160	22,160
Salvador, Norina	2,300	10,063	(12,363)	-	(2,300)	2,300	-
Sambitan, Kelsey	-	1,363	(1,363)	-	-	-	-
Sampan, Melodia	(2,324)	2,324		-	2,324	(2,324)	-
Samson, Jaypee	(981)			-	-	(981)	(981)
Samson, Leylani	(10)	112,000	(112,000)	-	-	(10)	(10)
Samson, Ronald	-		(454)	-	(454)	-	(454)
SAN DIEGO, Immanuel	7,659	58,642	(66,000)	-	2,942	(2,642)	300
San Diego, Immanuel				-			-
San Gregorio, Randell	2,940	8,300	(17,428)	-	(6,188)	-	(6,188)
San Juan, Shiela	-	781	(781)	-	-	-	-
San Luis, Melanie	-	809	(809)	-	-	-	-
San Mateo, Andres Ignacio	-	164	(164)	-	-	-	-
Sanchez, Antonio	-	691	(691)	-	-	-	-
Sanchez, Jennifer	-	1,717	(1,517)	-	200	-	200
Sanchez, Timothy	-	2,725	(3,125)	-	(400)	-	(400)
Sandoval, Khistina	32,000			-	-	32,000	32,000
Sangel, Marites	(5,000)	17,970	(12,970)	-	5,000	(5,000)	-
Sansalian, Daisy	(5,000)	7,621	(2,621)	-	5,000	(5,000)	0
Santiago, Marvin	-	1,581		-	1,581	-	1,581

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			Amounts Collected	*Amounts Written-Off*			
Santiago, Rey Paolo	P -	P 556	(P 1,110)	P -	(P 553)	P -	(P 553)
Santor, Propa	-	318	(318)	-	-	-	-
Santos, Florentino	(2,221)			-	-	(2,221)	(2,221)
Santos, Joey andrew	(14,479)	36,030	(36,873)	-	(844)	(14,479)	(15,323)
Santos, Joseph	490			-	-	490	490
Santos, Marilou	1,450	1,119	(2,569)	-	(1,450)	1,450	-
SANTOS, RONAN	(9,140)	9,140		-	9,140	(9,140)	-
Sapitula, Preciosa - OLD	1,587			-	-	1,587	1,587
Saplala, Mariano	9,263		(5,880)	-	(5,880)	9,263	3,383
Saret, Angelyn R.	(979)	16,600	(10,375)	-	6,225	(979)	5,246
Sarmiento, Ma. Victoria	-	238	(792)	-	(553)	-	(553)
Sarmiento, Randy	-		(856)	-	(856)	-	(856)
SAYAT, CARMELO	-	1,200	(400)	-	800	-	800
SAYAT, RUBY	-	1,800	(2,600)	-	(800)	-	(800)
Seducon, Glen Mark	-	1,581		-	1,581	-	1,581
Senanin, Ferdinand	(1,745)			-	-	(1,745)	(1,745)
SERAPIO, Renato	-	61,249	(53,594)	-	7,654	-	7,654
SEREGUINE, BRIEN E.	-	32,160	(32,160)	-	-	-	-
Sergio, Joan Liezel	1,100			-	-	1,100	1,100
Serra, Albuquerque	2,500			-	-	2,500	2,500
Serrano, Marycon	-	536	(536)	-	-	-	-
Serrano, Rowanie	-	354	(354)	-	-	-	-
Sibal, Regina		40,363		-	40,363		40,363
Sido, Ma. Victoria	(5,000)	12,506	(7,506)	-	5,000	(5,000)	-
Simo, Rickson Jay P.	200			-	-	200	200
Sin, Glenda	(3,416)		3,416	-	3,416	(3,416)	-
Singson, Manuel Agustin	-	419	(419)	-	-	-	-
Siongco, Josephine	(5,000)	12,536	(7,536)	-	5,000	(5,000)	-
Sioson, Yolanda - OLD	57,480			-	-	57,480	57,480
Sison, Erlinda G.	4,658			-	-	4,658	4,658
Sison, Victor	-	1,163	(1,163)	-	-	-	-
Sison, Walterdrudes M.	961			-	-	961	961
Sobretodo, Redel			(672)	-	(672)		(672)
Solis, Ma. Geraldine	-	2,218		-	2,218	-	2,218
Solivio, Rosalie	(327)	730	(129,313)	-	(128,583)	(327)	(128,910)
Soliman, Rian Ceasar	2,300	9,800	(13,006)	-	(3,206)	2,300	(906)
Solitario, Rachelle			(318)	-	(318)		(318)
Solomon, Byron Jones	(1,374)	1,374		-	1,374	(1,374)	-
Solomon, Rommel	(258)	258		-	258	(258)	-
SORIA, EULEGIO	-	9,631	(9,631)	-	-	-	-
SORIANO, DOMINIQUE	-	400	(400)	-	-	-	-
SORIANO, Joey Kim	-	739	(739)	-	-	-	-
Sta. Cruz, Cinderella	(5,000)	9,300	(4,300)	-	5,000	(5,000)	-
Sta. Maria, Hipolito	880	26,380	(21,035)	-	6,225	-	6,225
Sta. Maria, Melencio	202,980	232,518	(151,172)	-	234,545	49,780	284,325
Sta. Maria, Melencio				-			-
Sta. Mina, Joel	2,940	8,300	(8,128)	-	3,113	-	3,113
Sualog, Cyrus Victor	-	1,499	(1,390)	-	109	-	109
SUATENGCO, ROSARITO	-	200	(200)	-	-	-	-
Suba, Sally	19,000			-	-	19,000	19,000
Subijano, Reiner	-	1,581		-	1,581	-	1,581
Suing, Jan Albert	-	268	(268)	-	-	-	-
SUNGA, JANINE	8,807			-	-	8,807	8,807
SUNGA-Tagal, Johana	-	1,817	(1,617)	-	200	-	200
Sy, Dexter	-		(781)	-	(781)	-	(781)
Tabuzo, Victor	(158)	1,958	(1,800)	-	158	(158)	-
Tajonera, Joan Patrick	12,089			-	-	12,089	12,089
Tan, Alvin O.	621			-	-	621	621
Tan, Ma Floran	-		(931)	-	(931)	-	(931)
Tan, Melanie	-	1,363	(1,363)	-	-	-	-
TAN, PAULINO Y.	-	100,000		-	100,000	-	100,000
Tan, Rowena Nieves	-	1,163	(963)	-	200	-	200
Tana, Kenneth Bryan	(2,544)	427	(427)	-	-	(2,544)	(2,544)
Tapalgo, Elyn	(4,205)	9,113	(5,388)	-	3,725	(4,205)	(480)
Tapia, Maria Carolina M.	103			-	-	103	103
Taragua, Alma Trinidad	(5,000)	10,000	(5,000)	-	5,000	(5,000)	-
TARUC, PANCHO	-	1,200	(600)	-	600	-	600
Taton, Maria Thelma	5,880	16,600	(16,255)	-	6,225	-	6,225
Tejada, Madonna	-	1,205	(1,205)	-	-	-	-
Temprosa, Francis Tom	-	753		-	753	-	753
Tenoso, Isidro	-	1,563		-	1,563	-	1,563
Teodoro, Annie	(2,090)	2,090		-	2,090	(2,090)	-
Ticman Jr., Modesto	-	2,199	(536)	-	1,663	-	1,663
Tin, Ian Kimmy	-	527	(527)	-	-	-	-
Tinaya, Galilee	4,900			-	-	4,900	4,900
Tinio, Maria Teresa	135,395	183,782	(246,855)	-	(63,073)	135,395	72,323
Tiongson, Regalado	-	681	(681)	-	-	-	-
Tiotangco, angelina	(22,082)	960,384	(960,384)	-	(0)	(22,082)	(22,082)
Tirao, Jerrifer	-	2,235		-	2,235	-	2,235
Tirazona, Renato	(5,000)	12,663	(7,663)	-	5,000	(5,000)	-

Forward

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
March 31, 2015

Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
Tobias, Ana Patricia	P -	P 753	P	P -	P 753	P -	P 753
Toledo, John Patrick	(2,460)	3,141	(1,445)	-	1,697	(2,460)	(763)
Toledo, Marilyn	(1,325)	1,325		-	1,325	(1,325)	-
Tolentino, Edna	873			-	-	873	873
TOLENTINO, MA. STELLA	-	122,079	(122,079)	-	-	-	-
Tolentino, Rosula R.	12,224			-	-	12,224	12,224
Tongol, Jan Frederick	-		(881)	-	(881)	-	(881)
TOPENIO, JIMMY	(2,868)	2,868		-	2,868	(2,868)	-
Torres, Melinda	-	10,003	(1,273)	-	8,730	-	8,730
Torres, Teem	(4,329)	4,329		-	4,329	(4,329)	-
Trinidad, Bryan	2,300	9,800	(9,800)	-	-	2,300	2,300
Trinidad, Josefina	1,861		(2,300)	-	(2,300)	1,861	(439)
TUASON, JOHN LESTER	-	12,004	(12,004)	-	-	-	-
Tuble, Marnel	-	681	(681)	-	-	-	-
TULUD, RENZ CHRISTIAN	(4,989)	12,921	(7,931)	-	4,989	(4,989)	-
Ugaddan, Karla	270			-	-	270	270
Ulep, Michael Lawrence	-	10,536	(9,173)	-	1,363	-	1,363
Umbalin, Ferdinand	-	819	(819)	-	-	-	-
Umpad, Mara	24,000			-	-	24,000	24,000
Urian, Joselito	2,940	8,300	(8,128)	-	3,113	-	3,113
Usita, Laarni D.	13,581	26,360	(22,280)	-	4,080	13,581	17,661
Uy, Moira	55,000	19,454	(74,454)	-	(55,000)	55,000	-
Uyson, Leslie Marie C.	9,258			-	-	9,258	9,258
Valderrama, Marcon	-	381	(381)	-	-	-	-
Valderrama, RUth	(5,000)	10,000	(5,000)	-	5,000	(5,000)	-
Valdez Jr., Marcos	-	16,600	(10,375)	-	6,225	-	6,225
Valencia, Joy G.	(1,029)	1,029		-	1,029	(1,029)	-
Valerio, Francis	(10,000)	39,274	(12,674)	-	26,600	(10,000)	16,600
Valimento, Ferdinand	(329)	122,408	(122,079)	-	329	(329)	-
Varilla, Edglyn - OLD	5,141			-	-	5,141	5,141
Velasquez III, Damian	-	1,119	(1,119)	-	-	-	-
Velasquez, Ma. Charisma B.	3,160			-	-	3,160	3,160
Velez, Virgilio	-	636	(636)	-	-	-	-
Venzon, Jennilyn	13,292		(13,292)	-	(13,292)	13,292	-
Vera, Roderick	-	491	(1,181)	-	(691)	-	(691)
Verano, Aldrick	(2,635)	3,316	(1,463)	-	1,854	(2,635)	(781)
Verano, Jacqueline Christine	2,903			-	-	2,903	2,903
Verdote, Christopher	-	391	(391)	-	-	-	-
Vibar, Ma Theresa	(5,000)	20,000	(15,000)	-	5,000	(5,000)	-
Vicente, Gudani	2,300			-	-	2,300	2,300
Victoria, Wendelliza	(2,403)	5,303	(1,450)	-	3,853	(2,403)	1,450
Vilchez, Maria Gladys			(1,384)	-	(1,384)		(1,384)
Villacorta, Enrico			(1,181)	-	(1,181)		(1,181)
Villaluz, Gerardo	-	1,536	(445)	-	1,090	-	1,090
Villamin, Jojo	-	400	(1,331)	-	(931)	-	(931)
Villanueva, Ma. Concepcion L.	(1,895)	1,895		-	1,895	(1,895)	-
Villanueva, Romulo	(673)			-	-	(673)	(673)
VILLANUEVA, SARAH CAPARAS	1,545			-	-	1,545	1,545
VILLApana, Mira	-	1,290	(1,290)	-	-	-	-
Villar, Gerald	16,174	33,749	(23,404)	-	30,639	(4,120)	26,519
Villar, Gerald				-			-
Villareal III, Benito	-	681	(681)	-	-	-	-
Villarube, Arnold	2,940		(2,940)	-	(2,940)	2,940	-
Villasis, Christian	-	2,294	(681)	-	1,613	-	1,613
Villasor, Antonio Moses	-	681	(681)	-	-	-	-
Villena, Jean Marie	-	1,199	(445)	-	753	-	753
Vinas, Ana Marie	-	1,908		-	1,908	-	1,908
Vinluan, Edna	-	1,363	(1,363)	-	-	-	-
Vinluan, Lourdes	0			-	-	0	0
Vinluan, Renato	4,875			-	-	4,875	4,875
Visda, Eric John	(5,000)	9,305	(4,305)	-	5,000	(5,000)	-
Vitug, Marianne Claire	-		(2,544)	-	(2,544)	-	(2,544)
Vizcayno, Wilfredo	4,900			-	-	4,900	4,900
Wong, Gloria	-	1,072	(1,072)	-	-	-	-
Yan, Edwin	-	800	(400)	-	400	-	400
Yana, Jeffrey	-	527	(527)	-	-	-	-
Yap, Avelina	9,405			-	-	9,405	9,405
YAP, GIRARD		10,125	(844)	-	9,281		9,281
You, Mary Joy	-	854	(854)	-	-	-	-
Yu, Antonio O.	100			-	-	100	100
Yudelmo,Walter	-	906	(2,269)	-	(1,363)	-	(1,363)
Zafra, Reynele Bren G.	346			-	-	346	346
Zaldivar, Felicia P.	43,830			-	-	43,830	43,830
Zamora, Elizar	(3,369)	3,369		-	3,369	(3,369)	-
Zamudio, Rowena B.	7,982	443	(13,525)	-	(13,082)	7,982	(5,100)
Zerna, Cromwell Matheau	(969)				-	(969)	(969)
Fabila, Gilbert	461			-	-	461	461
Fernandez, Barbara	320			-	-	320	320
Escosia, Aurora	890			-	-	890	890
Chairmans -Medical	5,970			-	-	5,970	5,970
TOTAL	**P 2,941,308**	**P 14,079,663**	**(P 11,233,720)**	**P -**	**P 3,388,523**	**P 2,398,729**	**P 5,787,251**

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements
May 31, 2017

Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
FRC							
Unearned rental income from FEU	P 355,827	P 9,044,173	P -	P -	P 9,400,000	P -	P 9,400,000
Rental receivable from FEU	23,265,876	102,825,616	(70,765,366)	-	55,326,126	-	55,326,126
Rental receivable from FECSI	2,481,122	3,095,964	(3,696,157)	-	1,880,929	-	1,880,929
Various expenses receivable from FEU	56,242	132,800	(142,730)	-	46,312	-	46,312
Various expenses receivable from EACCI	3,050,360	6,597,920	(5,863,348)	-	2,965,877	-	3,784,932
	P 29,209,427	**P 121,696,473**	**(P 80,467,601)**	**P -**	**P 69,619,244**	**P -**	**P 70,438,299**
FECSI							
Various expneses receivable from FEU	P 134,904	P 93,830	(P 95,600)	P -	P 133,134	P -	P 133,134
Various expenses payable to FEU	2,581,811	3,095,965	(3,338,633)	-	2,581,811	-	2,339,143
Various expenses payable to FRC	2,479,133	3,095,965	(3,235,955)	-	2,479,133	-	2,339,143
Other payable to FRC	197,650	-	(197,650)	-	197,650		-
	P 5,393,498	**P 6,285,760**	**(P 6,867,838)**	**P -**	**P 5,391,728**	**P -**	**P 4,811,420**
EACCI							
Rental payable to FEU	P -	P 25,682,727	(P 5,528,658)	P -	P 20,154,069	P -	P 20,154,069
Dividend payable to FEU	-	25,839,867	-	-	25,839,867	-	25,839,867
Various expenses payable to FEU	516,084	318,709	-	-	834,793	-	834,793
Various expenses payable to FRC	4,887,003	9,800,550	(9,041,468)	-	4,887,003	-	5,646,085
	P 5,403,087	**P 61,641,853**	**(P 14,570,126)**	**P -**	**P 51,715,732**	**P -**	**P 52,474,814**
FEU - Alabang, Inc.							
Noninterest-bearing advances payable to FEU	**P 2,786,704**	**P 17,869,229**	**P -**	**P -**	**P 20,655,933**	**P -**	**P 20,655,933**
FEU High School, Inc.							
Rental payable to FEU	P -	P 1,813,969	P -	P -	P 1,813,969	P -	P 1,813,969
Noninterest-bearing advances payable to FEU	423,400	7,050,983	(5,213,641)	-	2,260,742	-	2,260,742
	P 423,400	**P 8,864,952**	**(P 5,213,641)**	**P -**	**P 4,074,711**	**P -**	**P 4,074,711**
Roosevelt College, Inc.							
Noninterest-bearing advances payable to FEU	**P** 26,837,821	**P 138,793,628**	**(P 98,890)**	**P -**	**P 165,532,559**	**P -**	**P 165,532,559**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule D - Non-current Marketable Equity Securities, Other Long-term Investments in Stocks and Other Investments
May 31, 2017

Name of Issuing Entity and Description of Investment	*Beginning Balance*		*Additions (Deductions)*				*Ending Balance*		*Dividends Received from Investments Not Accounted for by the Equity Method*
	Number of Shares or Principal Amoun of Bonds and Notes	*Amount in Pesos*	*Equity in Earnings (Losses) of Investee for the Period*	*Others*	*Distribution of Earnings by Investee*	*Others*	*Number of Shares or Principal Amoun of Bonds and Notes*	*Amount in Pesos*	
Investment in an Associate - Juliana Management Company, Inc. (JMCI)	**43,659**	**P 6,656,734**	**(P 70,933)**	**P -**	**P -**	**P -**	**43,659**	**P 6,585,801**	**P -**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule F - Other Assets
May 31, 2017

Description	*Balance at Beginning of Period*	*Additions at Cost*	*Deductions* *Charged to Cost and Expenses*	*Deductions* *Charged to Other Accounts*	*Other Changes* *Additions (Deductions)*	*Balance at End of Period*
Current:						
Advances to suppliers	P -	P 404,924,056	P -	P -	P -	P 404,924,056
Short-term investments	121,650,300	19,461,222	-	-	-	141,111,522
Input value-added tax (VAT) - net	74,326,608	-	-	-	5,254,721	79,581,329
Prepaid expenses	9,200,234	-	-	-	24,150,441	33,350,675
Others	7,437,982	13,946,745	-	-	-	21,384,727
	P 212,615,124	**P 438,332,023**	P **-**	P **-**	**P 29,405,162**	**P 680,352,309**
Non-current:						
Advances to developers	P -	P 79,417,861	P -	P -	P -	P 79,417,861
Refundable deposits	9,010,122	-	-	-	(1,366,033)	7,644,089
Other equity investments	2,830,000	(949,406)	-	-	-	1,880,594
	P 11,840,122	**P 78,468,455**	**P -**	**P -**	**(PP 1,366,033)**	**P 88,942,544**

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule G - Long Term Debt
May 31, 2017

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount Shown Under Caption "Current Portion of Long Term Debt" in Related Balance Sheet*	*Amount Shown Under Caption "Long Term Debt" in Related Balance Sheet*	
Interest-bearing loan	P 800,000,000	P 38,095,238	P 761,904,762	a
Interest-bearing loan	680,000,000	129,523,810	550,476,190	b
Interest-bearing loan	200,000,000	38,095,238	161,904,762	c
Interest-bearing loan	150,000,000	7,142,857	142,857,143	d
Interest-bearing loan	50,000,000	50,000,000	-	e
Interest-bearing loan	70,000,000	70,000,000	-	f
TOTAL		**P 332,857,143**	**P 1,617,142,857**	

a *Unsecured loan obtained by the University from a local bank in May 2016. Principal payment is payable over 21 quarterly payments to start after a two-year grace period from loan availment date. Initial interest payment was made on August 2016.*

b *This pertains to the unsecured loan obtained by the University from a local bank in June 2015. The average interest rate during the year for this loan is 2.6%. The prinicipal amount is payable in seven years, with the first principal payment due in June 2017.*

c *Unsecured loan obtained by the University from a local bank in April 2017. The principal amount is payable over 21 quarterly payments starting June 2017, together with the initial interest payment*

d *Unsecured loan obtained by the University from a local bank in November 2016. The principal amount is payable over 21 quarterly payments starting May 2018. Initial interest payments were made on February and May 2017.*

e *Unsecured loan obtained by the University from a local bank in May 2017. The principal amount is payable upon muturity on January 2018.*

For items (a) to (e) above, the initial loan agreement stipulates a floating interest rate which is the higher between the loan interest rate determined from the Philippine Dealing System Treasury Reference three-month bid yields for Philippine government securities plus a fixed spread of 0.75%, and the prevailing interest rate on special deposit account.

f *Unsecured loan obtained by RCI from a local bank in April 2017. The loan is due on January 2018 with an interest rate of 3.5% per annum.*

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule J - Capital Stock
May 31, 2017

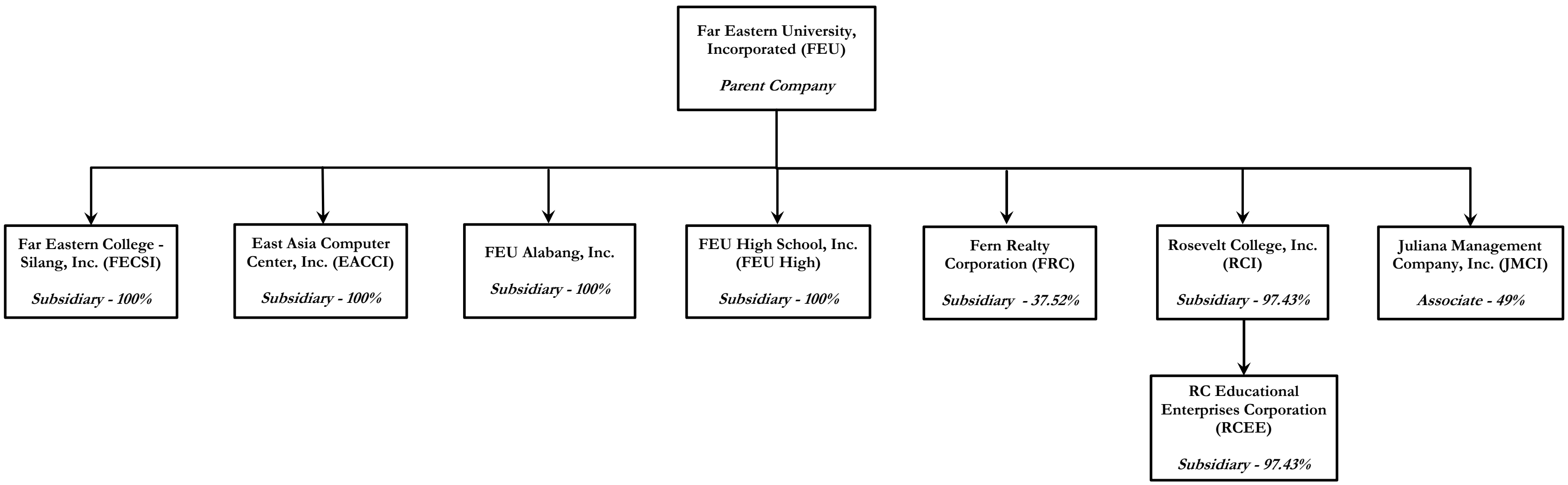
Title of Issue	*Number of Shares Authorized*	*Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption*	*Number of Shares Reserved for Options, Warrants, Conversion and Other Rights*	*Number of Shares Held by Related Parties*	*Directors, Officers and Employees*	*Others*
Common shares - P100 par value	20,000,000	16,477,023	-	9,757,775	1,076,259	-

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

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended May 31, 2017

Unappropriated Retained Earnings at Beginning of Year	P	1,358,792,866
Prior Years' Outstanding Reconciling Items, net of tax		
Deferred tax income	(	8,053,198)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		1,350,739,668
Net Profit Realized during the Year		
Net profit per audited financial statements		369,937,059
Non-actual/unrealized income, net of tax		
Deferred tax income	(	3,906,504)
		366,030,555
Other Transactions During the Year		
Dividends declared	(	362,494,506)
Retained Earnings Restricted for Treasury Shares	(	3,733,100)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**1,350,542,617**

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Map Showing the Relationships Between and Among the University and Its Related Parties
May 31, 2017



Note:

Percentages indicated pertains to FEU's effective ownership over the respective related party which is also disclosed in the consolidated financial statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of May 31, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendment to PFRS 1: Government Loans	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(effective when PFRS 9 is first applied)*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments* *(effective January 1, 2018)*			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendment to PFRS 10: Transition Guidance	✓		
	Amendment to PFRS 10: Investment Entities	✓		
	Amendment to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Transition Guidance			✓
	Amendment to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Transition Guidance	✓		
	Amendment to PFRS 12: Investment Entities	✓		
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers* *(effective January 1, 2018)*			✓
PFRS 16	Leases* *(effective January 1, 2019)*			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendment to PAS 7: Disclosure Initiative* *(effective January 1, 2017)*			✓
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the End of the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendment to PAS 12 - Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses* *(effective January 1, 2017)*			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Bearer Plants	✓		
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans - Employee Contributions	✓		
	Amendment to PAS 19: Defined Benefit Plans - Discount Rate	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendment to PAS 27: Investment Entities	✓		
	Amendment to PAS 27: Equity Method in Separate Financial Statements	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendment to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
	Amendment to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Bearer Plants			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**	✓		
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 18	Transfers of Assets from Customers**			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine**	✓		
IFRIC 21	Levies	✓		
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs**	✓		

* These standards and amendments will be effective for periods subsequent to fiscal year 2017 and are not early adopted by the Group.

** These standards and amendments have been adopted in the preparation of financial statements but the Group has no significant transactions covered in all periods presented.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Financial Soundness Indicators
May 31, 2017 and 2016 and March 31, 2016

	May 31, 2017	May 31, 2016	March 31, 2016
Current / liquidity ratio	**3.49**	5.65	2.51
Quick ratio	**3.02**	5.37	2.36
Debt-to-equity ratio	**0.36**	0.18	0.21
Debt-to-asset ratio	**0.26**	0.15	0.17
Equity-to-asset ratio	**0.74**	0.85	0.83
Return on assets	**7%**	13%	12%
Return on equity	**9%**	15%	14%
Earnings per share	**P 45.61**	P 70.89	P 62.48

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

Current ratio - current assets divided by current liabilities

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

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

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

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

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

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

Return on assets - net income divided by total assets

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

Earnings per share - net income divided by average oustanding common shares