



FAR EASTERN UNIVERSITY

ANNUAL REPORT 2017



Dr. Nicanor Reyes Sr.
Founder and First President

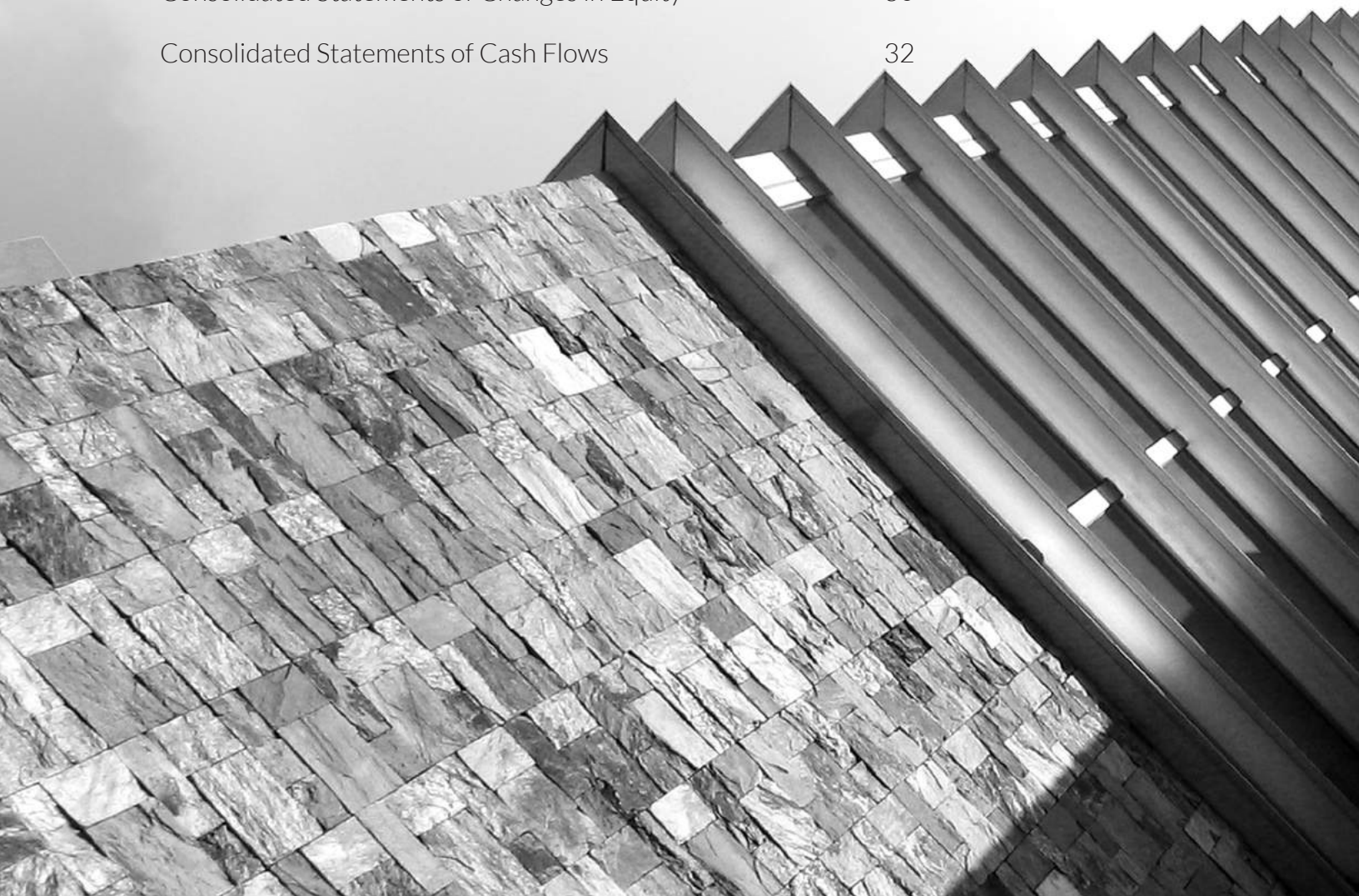


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ANNUAL REPORT 2017

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VISION

Guided by the core values of Fortitude, Excellence, and Uprightness
Far Eastern University aims to be a university of choice in Asia.

MISSION

Far Eastern University provides quality higher education
through industry-responsive and outcomes-based
curricular programs.

FEU produces globally competitive graduates
who exhibit the core values of fortitude,
excellence, and uprightness.

FEU promotes sustainable and responsive research,
extension, heritage and environment stewardship
towards national and global development.





CHAIRMAN'S REPORT

Aurelio R. Montinola III
Chairman, Board of Trustees



Fellow Stockholders:

Two years ago, we conceived a Five Year Strategic Plan which we detailed in our 2015 Annual Report.

As we approach our 90th Anniversary next January, we are pleased to advise you that despite challenges from the K-12 implementation and free tuition for State Colleges, we are on track towards achieving our 2020 Roadmap.

Strategic Plan

We believe that we are now a Top Five University in the Philippines from a combined academic, job creation, and financial point of view.

We are enhancing our Value Education experience by using small classroom collaborative spaces, technology aided learning management systems and improving our campus WiFi capability.

We produce Employable Graduates by teaching them the skills of Digital Learning, Effective Communication, and Critical Thinking (DLECC), as proven by Top Five rankings in the Job Street Surveys and superior scores (to the national average) in the external licensure examinations.

We provide Meaningful Careers for our Faculty and Administrative staff, as evidenced by continuing faculty development programs, both locally and internationally, particularly for PhD

candidates. We promote from within, recruit from outside, and continue to pay competitive wages despite K-12 enrolment difficulties.

We have integrated a Research capability into Faculty duties, and we have provided thought provoking discussions on national issues through our Public Policy Center.

While partially family owned, 98% of our Administrators and Faculty are capable professionals, and we will continue our Founder's vision of a business model that keeps FEU financially sustainable and a Corporate Governance leader in the Education sphere.

“ True, we face K-12 and environmental challenges, but we will soldier on and “Be Brave” to our Educational and Character Building mission. ”

Financial Results

Three significant events contributed to the results of FEU for AY 2016-2017. The first is the implemented educational reform K-12 program which has temporarily removed the first year of tertiary operations. The second is the inaugural year of operations of our Senior High School (SHS). Third, we have the consolidation of the newly acquired Roosevelt College Inc (RCI) into the accounts of FEU.

Consolidated student population grew by 6.6%. While tertiary enrolment dropped by 4,230 students due to K-12, new basic education intake primarily from SHS and RCI of 6,225 students contributed to overall enrolment growth. The inaugural year of SHS was greater than expected validating the value of FEU brand.

Consolidated Revenues however decreased by 7% due to the substitution difference between tertiary and basic tuition levels.

Consolidated Expenses increased by 9% due to the addition of the entire cost base of the new SHS and RCI which were not previously included. Existing entities experienced a drop in student population as a result of K-12,

but reduced expenses significantly through Voluntary Retirement and stringent budgeting. FEU preferred as well to safeguard as best as possible its Human Talent in these difficult times.

After a record P 1.2 billion Net Income in 2015- 2016, Consolidated Net Income dropped to P 806 million.

It is worthwhile to note Depreciation increased by 11% demonstrating that FEU continues to make investments in both existing and new facilities.

FEU Alabang is the single biggest one-time investment and we are excitedly looking forward to its dry run at the end of 2018. A new building and a gym for the RCI Rodriguez campus will likewise be completed by 2018. For 2019 we expect to complete additional facilities for FEU Main, FEU Diliman, FEU Cavite and RCI Marikina.

Consolidated assets grew by 10% to P 11.96 billion.

A peaceful, harmonious, and quick Collective Bargaining Agreement was negotiated with both the FEU Faculty Union and the FEU Employees Union.

Academic Improvements

As per tradition, our President, Dr. Michael Alba, will elaborate on Academic issues in his yearly President's report.

Highlights include enhancing our Autonomous University status, improving our Program accreditation status to 75% of all programs, and receiving a second international accreditation, this time from the Asia Pacific Institute for Events Management for our Tourism and Hotel Management programs.

We have 10 Topnotchers in various Licensure examinations, and our students' scores consistently exceed national averages.

Our Linkage and Mobility Office expanded its international university partnerships from 11 to 22, spread over 12 countries globally.

We had a relatively stress-free integration of Roosevelt College into the FEU system, and we were pleasantly surprised with our retention of its 5,000 students.



Student Accomplishments

We had a bountiful year for student accomplishments in various fields.

The Men's Track and Field team won its seventh consecutive UAAP championship, while the Juniors Boys Football won its third consecutive UAAP championship.

Janelle Frayna, Valedictorian for Arts and Sciences became the Philippines' first female Women's Chess Grandmaster.

Ms. Ronalyn Pordan was one of the Ten Outstanding Students of the Philippines (TOSP).

One Carlo Diaz was the Philippines' representative to the 2017 English Speaking Union Public Speaking Competition in London. Ms. Vanessa Leslie Rivera ranked first in the 2017 Medical Technology Board Examination.

Ganiel Krishnan won the Mutya ng Pilipinas-Asia Pacific crown. Joshua Brent Valencia received an Ayala Young Leaders award.

Facilities Improvement

Continued renovation of the Manila campus (Administration Building), and mini repairs in the Technology Building and in Cavite were complemented by enhanced WiFi in the larger campuses.

New buildings included a groundbreaking in FEU Diliman, completion of additional new classrooms in Roosevelt Rodriguez, and continuing construction of an 18-story building in FEU Alabang.

Community Service and Cultural Programs

A new Volunteerism Center was opened.

The President's Committee on Culture produced 20 events involving 11,000 students. Of national importance were a well-received Hudyat exhibition, an annual Musica FEUropa choral competition, and 10 external competitions with winners from the FEU Drum and Bugle Corps, the Dance Troupe, the FEU Guides, and the Theater Guild. Its Cultural App has been a social media success.

“We had a bountiful year for student accomplishments in various fields.”



The Cheerdance team placed a strong second in the UAAP competition.

The Public Policy talk “Decoding Federalism” won a Quill Award.

The Publications Office produced “Adios Patria Adorada” by Alfredo Roces.

Corporate Governance

We continue to improve in the Corporate Governance scorecards for listed companies, and we are probably the top among educational institutions.

We are also slowly reducing our carbon footprint with energy saving instruments.

Looking Forward

We approach our 90th Anniversary with Fortitude, Excellence, and Uprightness.

We are the UAAP Host this academic year, and have started off with a widely applauded “Go for Great” Opening Ceremonies.

We are in the process of searching for 28 (to celebrate the Founding Year of 1928) Outstanding Alumni to celebrate our 90th year.

The Philippine Trust Index ranks Academe as the most trusted institution with a 90+ score, and FEU will continue to be a bastion as an established Value Educator for around 36,600 Metro Manila students in 10 campuses.

True, we face K-12 and environmental challenges, but we will soldier on and “Be Brave” to our Educational and Character Building mission.

We thank you our shareholders and stakeholders for your continuing and appreciated support for our cause.

The Philippine Trust Index ranks Academe as the most trusted institution with a

90+
score





PRESIDENT'S REPORT

Michael M. Alba

Michael M. Alba
President



Academic Year (AY) 2016–2017 ushered in the five-year period during which Philippine higher education institutions (HEIs) are projected to have lower than normal college enrollment levels due to the introduction of Grades 11 and 12 to the basic education cycle. Specifically, there were few college freshmen in AY 2016–2017; and, similarly, insignificant populations of freshmen and sophomores can be expected in AY 2017–2018. Then, in turn, these drastically reduced numbers will cascade as the populations of sophomores and juniors in AY 2018–2019, juniors and seniors in AY 2019–2020, and seniors in AY 2020–2021.

A concern to be noted during this five-year period is that the largest drop in enrollment levels will likely be in AY 2017–2018, because the college population is usually pyramidal with the freshmen and sophomores constituting the majority of the student body.

Additionally in AY 2017–2018, HEIs will have to deal with two challenges: (1) aligning the curriculums of their program offerings starting in AY 2018–2019 with new Commission on Higher Education (CHED) requirements and (2) bracing for the adverse effects of RA 10931 (the Universal Access to Quality Tertiary Education Act), which provides for free tuition and other

school fees in state universities and colleges (SUCs) and local-government-administered universities and colleges (LUCs), a tertiary-education subsidy for poor students, and a student-loan program. The curriculum-alignment effort will require funding additional faculty and other resources at a time when the school-fee receipts of private HEIs will likely be at their lowest levels; the new funding mechanisms, unless set up with adequate safeguards in implementation rules, may ultimately result in enrollment declines in private HEIs (thus heightening their risk of financial unsustainability) and congestion in SUCs and LUCs (thus lowering their quality).

“

Fortunately for the University, its Aspiration 2020, a set of institutional goals backed up by policy and action strategies, is helping it to navigate the turbulent waters currently buffeting the Philippine higher education sector.

”

In Far Eastern University–Manila, the enrollment decline in AY 2016–2017 was very much in evidence (Table 1). Fortunately for the University, its Aspiration 2020 (See the President’s Annual Report 2015), a set of institutional goals backed up by policy and action strategies, is helping it to navigate the turbulent waters currently buffeting the Philippine higher education sector. In particular, the framework of Aspiration 2020 provides guidance to the management team on how to rationalize programs and projects, using as the criteria

the likelihood and extent to which the initiatives will contribute to the achievement of the aspirations. In effect, even during this difficult period for the Philippine higher education sector, FEU Manila continues to maintain a laser focus on its aspirational goals so that it will be a much-improved institution of higher learning in the post-K-12 transition period.

In what follows, this report summarizes the achievements of FEU Manila thus far relative to Aspiration 2020, the institutional goals in which are

classified into three categories: regulatory excellence (meaning that the University meets the highest standards set by academic regulators and accreditors), matched excellence (that is, that FEU Manila graduates are able to meet the rapidly changing needs of the workplace), and adaptive excellence (or that FEU Manila graduates are equipped with the skills to thrive in life).

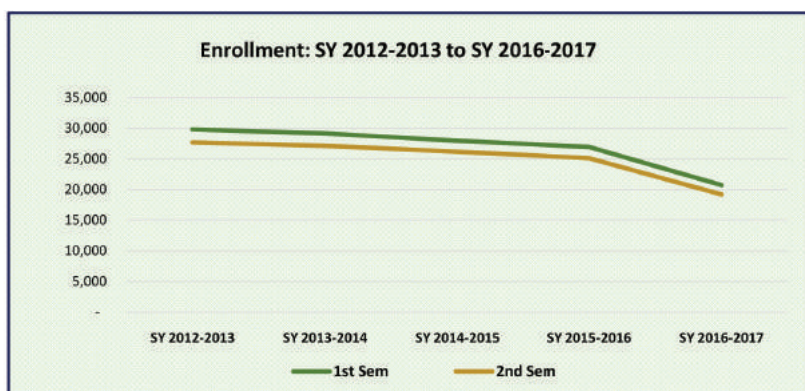
Regulatory Excellence

Accreditations and Recognitions

Conferred the Autonomous University status by CHED (CMO 20 series of 2016) with a validity period spanning 1 April 2016 to 31 May 2019, FEU Manila currently meets the highest regulatory standards set for Philippine HEIs. Its top-rated academic offerings are its teacher education programs, which were deemed by CHED as a Center of Excellence (COE) (CMO 17 series of 2016 with a validity period of 1 April 2016 to 31 December 2018), and the business administration program, which is a CHED Center of Development (COD) (CMO 38 series of 2015; validity period: 1 January 2016 to 31 December 2018).

Table 1. Enrollment, SY 2012–2013 to SY 2016–2017

School Year	SY 2012–2013	SY 2013–2014	SY 2014–2015	SY 2015–2016	SY 2016–2017
1st Sem	29,821	29,159	27,956	26,930	20,704
2nd Sem	27,665	27,140	26,181	25,117	19,210



In addition, eight of the undergraduate programs have level 4 – the highest – accreditations from the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA), while the rest are on their way to obtaining ever higher accreditation levels (Table 2).

FEU Manila's international recognitions include being an associate member of the ASEAN University Network – Quality Assurance (AUN-QA), one of less than ten Philippine HEIs with the distinction; a member of the Association to Advance Collegiate Schools of Business (AACSB) for its BS Accountancy, BS Business Administration, and Master of Business Administration programs; and an associate member of the International Centre of Excellence in Tourism and Hospitality Management (THE-ICE) for its BS Tourism Management and BS Hotel and Restaurant Management programs.

Performance in Professional Licensure Examinations

Statistical analyses of the data of the last five years suggest that, in general, the passing rates of FEU Manila alumni are significantly better than the national average (Charts 1a-1_j). But they also show a somewhat large variability reflecting a lack of consistency as well as a seasonal factor in the test outcomes; overall performance has also been weighed down by the lower passing rates of repeaters.

Among the academic programs with professional licensure examinations, medical technology stands out for consistently excellent performance. Since 2012 with its first batch of medical technology graduates, FEU Manila has been recognized as a top performing school by the Professional Regulations Commission (PRC) because the passing rates of its medical-technology examinees tend to be among the highest in the country. From time to time, the added bonus is

Table 2. Accredited Programs by PACUCOA, PAASCU, and other Accrediting Body

Program	Status	Effectivity	Expiration
Bachelor of Elementary Education	Level IV	December 2015	December 2020
Bachelor of Secondary Education	Level IV	December 2015	December 2020
Master of Education	Level II RA	February 2017	February 2022
Doctor of Education	Level II RA	February 2017	February 2022

Program	Status	Effectivity	Expiration
BA Communication	Level IV	December 2015	December 2020
AB English Language	Level I	September 2015	September 2018
AB Literature	Level I	September 2015	September 2018
AB Political Science	Level I	September 2015	September 2018
AB International Studies	Level I	November 2016	November 2019
BS Biology	Level IV	December 2015	December 2020
BS Applied Mathematics with Information Technology	Level IV	December 2015	December 2020
BS Medical Technology	Level I	November 2016	November 2019
BS Psychology	Level IV	December 2015	December 2020
MA Psychology	Level II RA	February 2017	February 2022

Program	Status	Effectivity	Expiration
BS Nursing	Level II RA	November 2016	November 2021

Program	Status	Effectivity	Expiration
BS Accountancy	Level IV	December 2015 April 2016	December 2020 June 2017
BS Business Administration	Level IV	December 2015 April 2016 January 01, 2016	December 2020 June 2017 December 31, 2018

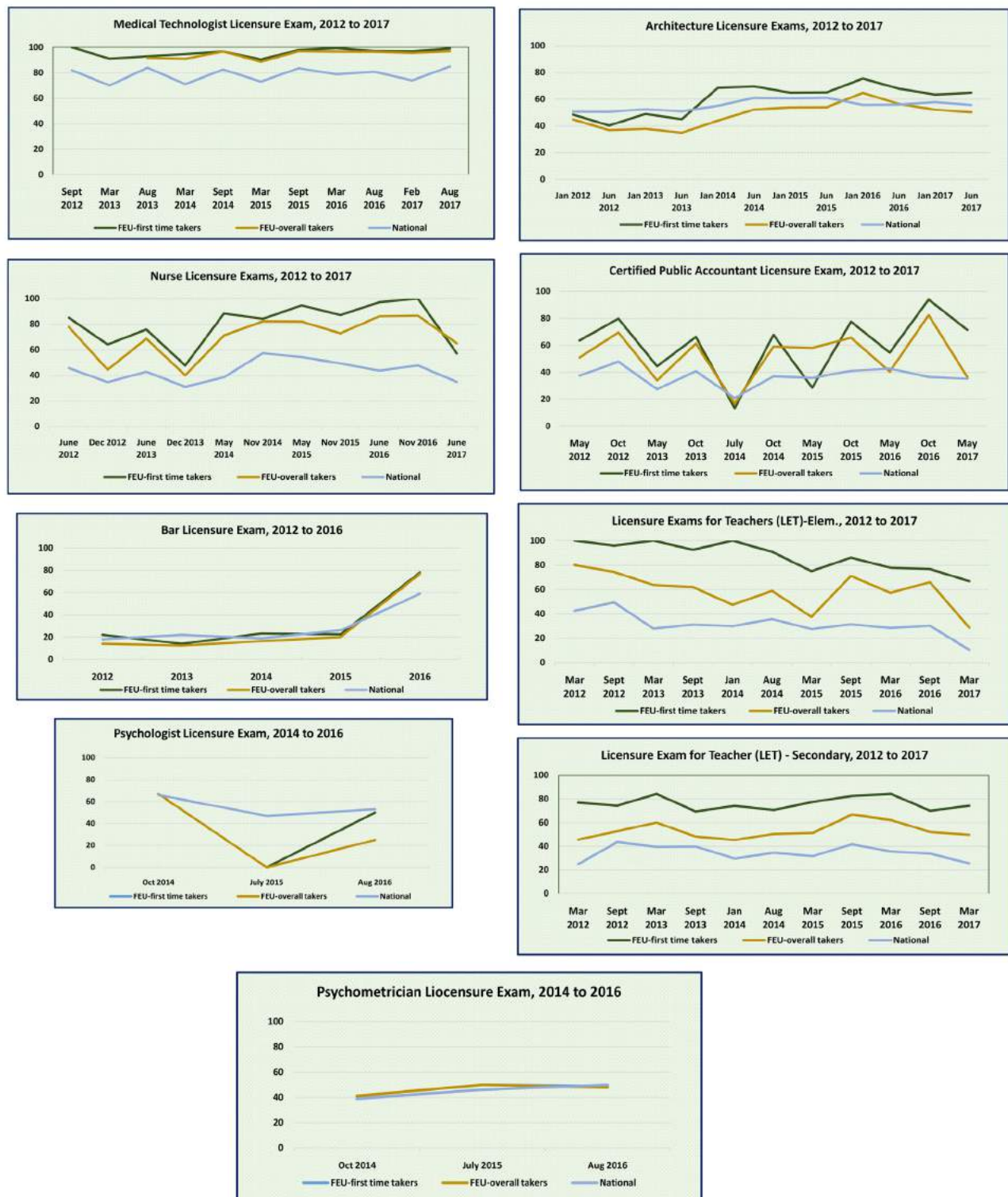
Program	Status	Effectivity	Expiration
Master in Business Administration	Member	April 2016	June 2017
BS Accountancy	Candidate Status	March 2017	March 2019
BS Accounting Technology	Candidate Status	March 2017	March 2019

Program	Status	Effectivity	Expiration
BS Business Administration	Candidate Status	March 2017	March 2019

Institute of Tourism and Hotel Management				
Program	Accrediting Body	Status	Effectivity	Expiration
BS Hotel and Restaurant Management	PACUCOA	Level I	September 2015	September 2018
BS Tourism Management	PACUCOA	Level I	November 2016	November 2019
Institute of Tourism and Hotel Management	THE-ICE	Associate Status	July 2015	June 2016
BS Tourism Management	APIEM (Asia Pacific Institute for Events Management)	Centre of Excellence	February 2017	February 2021

Program	Status	Effectivity	Expiration
BS Architecture	Candidate Status	September 2015	September 2017
Bachelor of Fine Arts	Level I	November 2016	November 2019

Chart. FEU Manila Performance in Professional Licensure Examinations



that some of the test takers even make it to the top ten. This was the case in the February 2017 exam: Vanessa Leslie Rivera garnered first place.

For the other programs, the notable examinees in AY 2016–2017 were: Titus Roland Tagan and Jejomar Concepcion (5th and 6th place, respectively, in the October 2016 Certified Public Accountant Licensure Examination); Paul Anthony Sudara (10th place in the September 2016 Licensure Exam for (Secondary School) Teachers; and Arielle Gem Soneja and Kristina Angelica Usita (shared 4th place), Allen James Temena (7th place), Arabelle Manzano (8th place), and Clarisse Estorquia and Princess Najima (shared 10th place) in the August 2016 Psychology exam.

Academic Credentials of the Faculty

As of AY 2016–2017, 65 (or 27.1% of the) tenured faculty members have doctorate degrees, while 172 or 72.0% have master's degrees (Table 3). Of these, 13 completed their doctorates during the academic year (Table 4).

As the teaching force of a university is its most important resource, FEU Manila is taking advantage of reduced teaching loads during the K–12 transition period by aggressively investing in improving the faculty's academic credentials. A total of 38 faculty members were provided with study grants to pursue graduate studies in their disciplines. Of these, 37 are pursuing doctorate degrees – 32 in the top universities of the country, financed mainly by CHED's

doctoral assistance program but with counterpart funding from FEU; and five in universities abroad, three of whom are exclusively FEU-funded (Table 5).

Research fellows have also been hired to beef up both faculty credentials and the University's research capabilities and outputs. Currently, there are five in the faculty roster. These are: Arnel Concepcion (DEng, Applied and Synthetic Chemistry, Nagoya University), Padmani Perez (PhD, Anthropology, Leiden University), Jonathan Pimentel (PhD, Mathematics, Reitor Magnifico da Universidade de Santiago de Compostela), Marcos Valdez (DAgrSc, Animal Genetics, Nagoya University), and Sandra Yap (PhD, Ecology and Evolutionary Biology, University of Michigan).

Table 3. Number of Tenured Faculty (RFT) with masteral and doctoral degree

Institute	RFTs	PhD/DBA/EdD	MS/MA/MBA
	f	f	f
IABF	54	19	34
IARFA	27	3	23
IAS	88	20	68
IE	28	9	19
IN	29	9	20
ITHM	13	5	8
Total	239	65	172
Percentage (%)		27.2	72.0

Table 4. List of Faculty who graduated their PhDs in SY 2016-2017

No.	Name of Faculty	Institute	Degree Program Completed	University/School Graduated
1	Arnel Bravo	IE	EdD, Educational Administration	FEU
2	Jennifer Buen	IABF	DBA	Colegio de San Juan de Letran
3	Stephen Jay Co	IE	EdD, Educational Administration	FEU
4	Normita Cobarrubias	IE	EdD, Language and Literature Education	FEU
5	Richard Dumilag	IAS	PhD, Biology	UP Diliman
6	Anna Pamela O. Jonson	ITHM	PHD in Management – International Hospitality Management	San Sebastian College
7	Ronald Manzano	IABF	DBA	Colegio de San Juan de Letran
8	Lulette Matammu	IAS	PhD, Psychology	UP Diliman
9	Miren Morales	IAS	PhD, Linguistics	DLSU
10	Don Munson	IABF	DBA	Colegio de San Juan de Letran
11	Maybelle Padua	IAS	PhD, Philosophy	UP Diliman
12	Karoline Palparan	IABF	DBA	Colegio de San Juan de Letran
13	Gerald Villar	IABF	DBA	Colegio de San Juan de Letran

38

*faculty members
were provided with
study grants to
pursue graduate
studies*

Table 5. List of faculty scholars who are pursuing their doctoral degrees.

NO.	NAME OF FACULTY	INSTITUTE	STATUS	DEGREE PROGRAM	UNIVERSITY	TYPE OF SCHOLARSHIP
1	Abad, Diego	IAS	RFT	PhD in Literature	University of Alicante, Spain	CHED -Foreign
2	Acena , Joyce Liza J	IN	RFT	PhD in Nursing	UP Manila	CHED -Local
3	Acomular, Melquiades A. Jr.	IAS	RFT	PhD Political Science	DLSU	CHED -Local
4	Afundar , Christian Lemuel C.	IAS	RFT	PhD Philosophy	DLSU	CHED -Local
5	Apolonio, Rocel A.	IABF	LFT	PhD Business Administration	DLSU	CHED -Local
6	Armingol, Kevin	IAS	LFT	Master of Arts Araling Pilipino	UP Diliman	CHED -Local
7	Asuncion , Eric Jayson V.	IABF	RFT	PhD Business Administration	DLSU	CHED -Local
8	Atanacio, Heidi	IE	RFT	PhD Araling Filipino	UP Diliman	CHED -Local
9	Bolo, Benjamin	IAS	RFT	PhD Biology	DLSU	Dept. of Science & Technology (DOST)
10	Buenavnetura, Ernesto	IAS	LFT	Doctor of Philosophy in Filipino	UP Diliman	CHED -Local
11	Buenconsejo, Rosemarie G.	IABF	RFT	PhD Business Administration	DLSU	CHED -Local
12	Bueno, Harold	ITHM	RFT	PhD in International Hotel Management	Taylor's University, Malaysia	FEU-Funded
13	Chavez, Jayson	IAS	RFT	PhD Biology	University of Bayreuth Germany	DAAD Scholarship
14	Culala, Harold John	IE	RFT	PhD in Education	Taylor's University, Malaysia	FEU-Funded
15	Dionisio, Maricar T.	IE	RFT	PhD Education	St. Joseph's College	CHED -Local
16	Donesa, Lynn Ubaldo	ITHM	RFT	PhD in International Hospitality Management	Lyceum Manila	CHED -Local
17	Dulay, Greg T.	IAS	RFT	PhD Philosophy	DLSU	CHED -Local
18	Estrope, Basilisa	IAS	LFT	PhD Araling Filipino	DLSU	CHED -Local
19	Filoteo, Joycelyn	IN	RFT	PhD in Nursing	UP MANILA	CHED –Local Requested Deferment
20	Fulgar, Ildefonso	IAS	RFT	PhD Public Administration	PUP	CHED-Dissertation Grant
21	Galang, Romeo B. Jr.	IAS	RFT	PhD Philippine Studies	UP Manila	CHED -Local
22	Gutierrez, Jan Patrick G.	IAS	RFT	PhD Counseling Psychology	DLSU	CHED -Local
23	Gutierrez, Mary Victory	IAS	RFT	PhD in Biology	DLSU	CHED -Local
24	Lacaden, Raffy A.	IABF	LFT	PhD Business Administration	DLSU	CHED -Local
25	Lantican, Mark Lixel	ITHM		PhD in International Hospitality Management	Lyceum Manila	CHED -Local
26	Lintag, Graciela A.	IAS	RFT	PhD Developmental Psychology	UP Diliman	CHED -Local
27	Mercado, Ryan Christian	IABF	RFT	PhD Business Administration	DLSU	CHED -Local
28	Obmerga, Francisco S.	IN	RFT	PhD in Nursing education	St. Paul University	CHED -Local
29	Pamittan, Generoso B. Jr.	IAS	RFT	PhD Philippine Studies major in Language, Media and Culture	DLSU	CHED -Local
30	Pelias, Christopher	IAS	RFT	PhD in Philosophy	DLSU	CHED –Local Requested Deferment
31	Pizaro, Arthur P.	IAS	RFT	PhD Linguistics	UP Diliman	CHED -Local
32	Requidan, Jerome	IAS	RFT	PhD in Philosophy	DLSU	CHED –Local Requested Deferment
33	Sacueza, April Grace	ITHM	RFT	PhD in International Hospitality Management	Lyceum Manila	CHED -Local
34	Samson, Leylani H.	IE	RFT	PhD Education	St. Joseph's College	CHED -Local
35	San Diego, Immanuel	IAS	RFT	PhD Math	DLSU	Resigned
36	Tan, Ma. Floran	IE	LFT	Doctor of Philosophy in Education	UP Diliman	CHED -Local
37	Tejada, Madonna	IABF	RFT	PhD in Business	Taylor's University, Malaysia	FEU-Funded
38	Uy, Moira	IN	RFT	PhD in Nursing	UP Manila	CHED -Local

Research

FEU Manila is making significant headway in academic research. In AY 2016–2017, 40% of the tenured faculty were involved in systematic investigations of interest to their disciplines (Table 6).

Moreover, the publications list, while still relatively short at 21 items (Table 7), has been growing in number year by year as well as improving in quality (as may be inferred from the number published in journals indexed by

Table 6. Percentage of Tenured Faculty (RFT) involved in research investigation

Institute	RFTs	RFT Researchers	
	f	f	%
IABF	54	12	22.22
IARFA	27	6	22.22
IAS	88	30	34.09
IE	28	17	60.71
IN	29	15	51.72
ITHM	13	2	15.38
Total	239	82	34.31

either the Institute for Scientific Information (ISI) or Scopus). The number of completed studies has

also increased (Table 8), as has the number of ongoing research projects (Table 9).

Table 7. List of Publications

- | | | |
|--|---|---|
| <p>Anito Jr., Jovito, Maricar Prudente, Auxencia A. Limjap, Socorro Aguja, and Pamela Rubi. 2017. "Solving Physics Problems by Playing with Equations." <i>Advanced Science Letter</i>. 23 (2): 1025-1029. American Scientific Publishers. [Scopus Indexed]</p> <p>Brillon, Cherish Aileen A. 2016. "Comic –Book Heroines, Philippines." <i>Pop Culture in Asia and Oceania</i>. Sta. Barbara, California, ABC-CLIO, LLC. 67-69.</p> <p>Capulong-Reyes, Rowena, 2016. "Meaningless vs Worthwhile Encounters?: Sustaining Social Interactions in Privatized Public Spaces of Manila Shopping Malls." <i>Sains Humanika</i> 8 (4-3): 51-56. [Scopus]</p> <p>De Viana, Lorelei D.C., 2016. "Early Encounters Between Spanish Religious Missionaries and Leprosy in the Philippines." <i>Hidden Lives, Concealed Narratives: A History Of Leprosy in the Philippines</i> Manila National Historical Commission of the Philippines. 23-25.</p> | <p>De Viana, Lorelei D.C., 2016. "Replanning Post-British Occupied Manila: Urban Policing and Colonial Resistance." <i>Journal of Southeast Asian Architecture</i> 13: 50-60.</p> <p>Docot, Rudolph Valentino A. and Cynthia B. Mintu, 2016. "Morphoanatomy and Vegetative Propagation of the Philippines Endemic <i>Leptosolena haenkei</i> C. Presl and Vanoverberg hia sepulchrei Merr. (Zingiberaceae) by rhizome cutting using NAA and Kinetin." <i>Thai Journal of Botany</i> 8: 111-126.</p> <p>Dumilag, Richard V. 2016 "Genotype Introduction Affects Population Composition of Native Philippine <i>Kappaphycus</i> (Gigartinales, Rhodophyta)." <i>Conservation Genetics Resources</i> 8 (4): 441-452. [ISI/Scopus]</p> <p>Dumilag, Richard V. 2016 "Molecular Diversity and Biogeography of Philippine foliose Bangiales (Rhodophyta)." <i>Journal of Applied Phycology</i>. [ISI/Scopus]</p> <p>Duran, Debbie Jim C. 2017. "Reproductive Choices of Rural and Urban Poor Communities." <i>The Reflective Practitioner</i>. 97-106. [International Refereed]</p> | <p>Israel, Marietta. 2016. "A Study of the Motivating Factors Influencing Women Entry into Entrepreneurship in the Philippines." <i>Devotio Journal of Business</i> 10: 39-59. [National Refereed]</p> <p>Lico, Gerald Rey, and Lorelei D.C. De Viana. 2017. <i>Regulating Colonial Spaces</i>. NCCA</p> <p>Limjap, Auxencia A., Gil Nonato Santos, Mini Rose Lapinid, Lydia Roleda, & Jovito Anito Jr. (2017). "Gearing K-12 Philippine Science for National Development and ASEAN Competitiveness." <i>Advanced Science Letters</i>. 23 (2): 1068-1072. American Scientific Publishers. (Scopus Indexed).</p> <p>Limjap, Auxencia A., Remedios Z. Miciano, & Lily A. Mojica. (2016). Towards Transformative Teaching and Learning in the College of Education: The Journey. In Bernardo, A. B. I. (Ed.). <i>Counseling, psychology, and education: Essays in honor of Rose Marie Salazar Clemena</i> Manila: De La Salle University Publishing House. 287-303.</p> |
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Masangkay, Frederick R. and Giovanni D. Milanez. 2016. "Water-borne Coccidians in Philippine Water Sheds: A National Inceptive Study." *Asian Journal of Biological and Life Sciences* **5** (3). 112-119. [ISI]

Mendoza, Edgar Allan D. 2016. "Benchmarking Kitchen and Dining Operations." *Journal of Business on Hospitality and Tourism* **2** (1): 367-376. [ISI]

Mendoza, Edgar Allan D. 2016. "Institutional Research Agenda Execution through Undergraduate Thesis Output." *Journal of Business on Hospitality and Tourism* **2** (1): 385-398.

Ochangco, Eda Lou I. 2016. "Examining the Convergences between Marx and Sen on Freedom and Institutions: Some Interpretive Notes and Issues." *Kemanusiaan the Asian Journal of Humanities* **23** (2): 35-50. [SCOPUS]

Padua, Maybelle Marie O. 2016. "Solidarity in Globalisation: When 'I's' live as 'We'." *Kemanusiaan the Asian Journal of Humanities* **23** (2): 89-118. [Scopus]

Valdez, Marcos B. Jr. 2016. "Neonaulclea Connicalycina: A new Myrmecophytic Species of Nauleeae (Rubiaceae) from Cebu, Philippines." *Phytotaxa* **273** (2): 127-132. [ISI]

Villamin, Jojo M. 2016. "Availment of Funeral Planning Management Service Among Chinese and Filipino: Preparation of a Service Development Package for a Funeral Event Business." *Journal of Business on Hospitality and Tourism* **2** (1): 450-457.

Yap, Sandra L., Cynthia B. Mintu, Myrna P. Quinto, and Richard Dumilag. 2017. "A Review of the Current Taxonomic Status of Foliose Bangiales (Rhodophyta) in the Philippines." *Phytotaxa* **312** (1): 47-59. [ISI]

Perhaps more importantly, the Institutes are taking steps to ingrain a research culture in the University and ensure that the research effort will be sustained henceforth as a norm for the faculty. Their research capability programs group faculty members by research interest and provide them with well-published mentors who guide them through the research process. Milestone events include research writing workshops, Institute-sponsored research colloquia, and paper presentations in national and international academic conferences (Table 10).

Community Extension Services

As universities should be brain trusts for their cities and countries, FEU Manila reoriented its Community Extension Services office, charging it with overseeing the research-based community extension programs of the University, for which three focus areas were identified: urban studies and renewal, biodiversity and sustainability, and cultural preservation and dissemination. Programs and projects under each focus areas are being organized.

External Linkages

Linkages with other HEIs expose both faculty and students to cross-cultural activities through exchange programs and enhance their opportunities for collaborative research projects usually as a derivative of participation in joint lectures, seminars, and conferences. In AY 2016–2017, FEU Manila's such formal arrangements (i.e., those covered by memorandums of understanding) doubled in number to 22 from 11 in

the previous year. Discussions are also in progress to formalize collaboration activities with Rutgers University (US), OCAD University (Canada), Instituto Tecnológico Autonomo de Mexico, Qilu University (China), Universitas Pendidikan and University of Surabaya (Indonesia), University of Brunei Darrusalam, and Valaya Alongkorn University and Walailak University (Thailand).



In addition, without formal cover, FEU Manila has ongoing collaboration initiatives with Deakin University and La Trobe University (Australia), Dominican University and the University of California at Berkeley (US).

In AY 2016–2017, notable among the conferences hosted by FEU was SIMPI × ICUS 2016. Held on 5 – 7 May 2016 with some 200 local and international participants, Sustainability Initiatives: Case Studies in Malaysia, the Philippines, and Indonesia (SIMPI) and International Conference on Urban Studies (ICUS) 2016 was trilateral initiative with Universiti Teknologi Malaysia and Universitas Bung Hatta.

In the case of research, the significant collaboration is the work being done by the Biology Department with the University of San Carlos (Cebu), Capiz State University, and Central Luzon State University as well as with the Provincial Government of Calatagan, Batangas, and the Bureau of Soil and Water Management.

Industry Linkages

Links with industry enable a school to prepare students for the world of work. In AY 2016–2017, FEU Manila had 125 industry partners with whom it had formal student-internship arrangements (Table 11).

Placement Services

Given the fast changing landscape of the world of work, it is no longer enough for HEIs to simply focus on preparing their students to be employable after graduation. Rather, the expectation is that the school's placement services are able to open doors to quality jobs. Thus, the range of placement activities includes acquainting students about the world of work and possible career trajectories to directing them to choice jobs in select firms.

For graduating students, 14 Placement Learning and Understanding Sessions (PLUS) were conducted at which industry experts gave career-pathing talks. The resource persons came from the following organizations: BDO Unibank, Inc.; Sunlife Grepa Financial; Concentrix; Dearborn Motors; Toastmasters Philippines; Junior Chamber International; and Jobs180.com. In addition, the students attended the Labor Education for Graduating Students (LEGS) seminars of the Department of Labor and Employment (DOLE), where they were oriented on their rights and responsibilities when applying for work, the industry they intended to affiliate with, and the profession they intended to pursue.

By the end of AY 2016–2017, FEU Manila had formal placement contracts with 125 industry partners, a 25% increase from the previous year. About 15% of the firms were in the Top 1000 Corporations in the Philippines.

Student Professionalism

An important aspect of preparing students for the world of work is the development of proper values. On this focus area, an initial project that the University has adopted is the Fortitude Program, which fosters fortitude, a core value of FEU, by highlighting punctuality, precision, and professionalism in daily academic conduct. The goal of the program is to produce FEU graduates who are exemplars of fortitude in their daily lives: observant of appointed times, true in word and deed, and proper in behavior relative to the standards of their profession.

Curriculum Enhancement; Faculty and Student Development

As mentioned above, a challenge that HEIs face is to realign the curriculums of its academic programs with new CHED requirements. Specifically, the new set of core or general education (GE) subjects are specified to adopt an interdisciplinary frame of reference, and the major subjects in each of the program are directed to be outcomes-based.

Table 11. Number of OJTs

Institute	Number of OJTs
IABF	210
IARFA	412
IAS	234
IE	104
IN	9
ITHM	18
TOTAL	

To address this CHED-prescribed paradigm shift on the GE subjects, FEU Manila adopted two interrelated initiatives: the General Education Curriculum Framework Formation Project and the Digital Learning, Effective Communication, and Critical Thinking (DLECCT) Program. The GE Curriculum-Framework Formation Project takes as its starting point CMO 20 series of 2013, which describes the rationale behind and the prescriptions of CHED's new approach to the general education curriculum, but adds subjects that will make the core curriculum of distinctively FEU. It is powered by the DLECCT program. Uniquely FEU's, DLECCT is a teaching and learning style that is student-centered and research-based. It is intended to imbue the GE subjects with education-technology-enabled digital learning resources



and with pedagogical strategies that build up communication and critical thinking skills in students. The hope is that, with DLECCT, FEU students will be equipped with the soft skills that transform them into lifelong learners as well as the life skills that will allow them to navigate post-college life as future-ready individuals.

To deliver on the promise of DLECCT for students, starting in AY 2016–2017, DLECCT courses were organized for the GE faculty to bring them up to speed on digital-learning technologies, resources, approaches, which would then enable them to develop courses appropriately in time for AY 2018–2019.

On the major courses of FEU Manila's program offerings, the Departments are working to comply with the CMOs and provide outcomes-based curriculums. One noteworthy initiative is the BS Accountancy Curriculum Standardization Project, which aims to provide a uniform BS Accountancy curriculum in all FEU campuses that offer the program (including Manila, Makati, Diliman,

Cavite, and even Alabang). Adopting a curriculum mapping approach, the project hopes to develop a curriculum that will produce the best accounting graduates in the country.

Conclusion

AY 2016–2017 ushered in the K–12 transition period and its attendant financial challenges for private HEIs. Thankfully for FEU Manila, its Aspiration 2020 is helping it to navigate this difficult period and remain focus on its institutional goals. Indeed, it is exploiting opportunities (such as CHED funding facilities and reduced teaching loads) to invest in its faculty and develop a new student-centered and technology-enabled learning ecology in a bid to emerge as an even better institution of higher learning in 2020.

25%

**FEU Manila formal
placement contracts**

BOARD OF TRUSTEES 2017



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 R. 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, SEOIL 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, Pinma 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).

EXECUTIVE COMMITTEE 2017



Aurelio R. Montinola III
Chairman



Michael M. Alba
Member



Angelina P. Jose
Member



Paulino Y. Tan
Member



Juan Miguel R. Montinola
Member



FINANCIAL HIGHLIGHTS



FAR EASTERN UNIVERSITY

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

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

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

Doc. No. 194
Page No. 40
Book No. XV
Series of 2017

Enrico G. Gilera

ENRICO G. GILERA
Notary Public for Manila
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IBP No. 1056107; 01.04.2017; PPLM
Roll No. 35149; May 27, 1988
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Report of Independent Auditors

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

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.

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-4

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. Ferarezza.

PUNONGBAYAN & ARAULLO



By: **Christopher M. Ferarezza**
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)

A S S E T S	<u>Notes</u>	<u>May 31, 2017</u>	<u>May 31, 2016</u> (See Note 1)	<u>March 31, 2016</u>
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		<u>5,029,603,633</u>	<u>4,155,801,998</u>	<u>4,227,411,206</u>
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		<u>6,926,544,422</u>	<u>6,677,048,416</u>	<u>5,463,636,857</u>
TOTAL ASSETS		<u>P 11,956,148,055</u>	<u>P 10,832,850,414</u>	<u>P 9,691,048,063</u>
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		<u>1,441,185,604</u>	<u>1,067,044,791</u>	<u>747,851,800</u>
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		<u>1,692,337,104</u>	<u>1,557,225,104</u>	<u>722,415,364</u>
Total Liabilities		<u>3,133,522,708</u>	<u>2,624,269,895</u>	<u>1,470,267,164</u>
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		<u>6,712,118,277</u>	<u>6,417,167,016</u>	<u>6,569,201,503</u>
Non-controlling interests	25	2,110,507,070	1,791,413,503	1,651,579,396
Total Equity		<u>8,822,625,347</u>	<u>8,208,580,519</u>	<u>8,220,780,899</u>
TOTAL LIABILITIES AND EQUITY		<u>P 11,956,148,055</u>	<u>P 10,832,850,414</u>	<u>P 9,691,048,063</u>

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)

	<u>Notes</u>	<u>May 31, 2017</u> <u>(One Year)</u>	<u>May 31, 2016</u> <u>(Two Months –</u> <u>See Note 1)</u>	<u>March 31, 2016</u> <u>(One Year)</u>
REVENUES				
Educational	19			
Tuition fees - net		P 2,710,248,681	P 112,897,745	P 2,847,941,948
Other school fees		<u>106,582,390</u>	<u>9,298,316</u>	<u>70,643,435</u>
		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	<u>-</u>	<u>-</u>	<u>20,449,880</u>
		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		<u>2,559,803</u>	<u>-</u>	<u>3,235,844</u>
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)	<u>-</u>	(70,105)
PROFIT (LOSS) BEFORE TAX		927,735,108	(182,100,616)	1,383,237,037
TAX INCOME (EXPENSE)	23	(121,282,797)	<u>15,538,697</u>	(158,338,419)
NET PROFIT (LOSS)		<u>P 806,452,311</u>	(P 166,561,919)	<u>P 1,224,898,618</u>
Attributable to:				
Owners of the parent company	25	P 749,519,197	(P 166,280,222)	P 1,166,023,155
Non-controlling interests		<u>56,933,114</u>	(281,697)	<u>58,875,463</u>
		<u>P 806,452,311</u>	(P 166,561,919)	<u>P 1,224,898,618</u>
Earnings (Loss) Per Share				
Basic and Diluted	26	<u>P 45.61</u>	(P 10.11)	<u>P 70.89</u>

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)		<u>P 806,452,311</u>	<u>(P 166,561,919)</u>	<u>P 1,224,898,618</u>
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		(<u>36,850,401</u>)	(<u>3,253,153</u>)	(<u>53,689,984</u>)
		(<u>26,502,768</u>)	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	(<u>698,056</u>)	-	-
		6,282,508		
Other Comprehensive Income (Loss) - Net of tax		(<u>20,220,260</u>)	19,045,735	(<u>92,075,690</u>)
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>P 786,232,051</u>	<u>(P 147,516,184)</u>	<u>P 1,132,822,928</u>
Attributable to:				
Owners of the parent company		P 726,604,065	(P 148,654,871)	P 1,074,618,961
Non-controlling interests		<u>59,627,986</u>	<u>1,138,687</u>	<u>58,203,967</u>
		<u>P 786,232,051</u>	<u>(P 147,516,184)</u>	<u>P 1,132,822,928</u>

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)

	Notes	Attributable to Owners of the Parent Company						Non-controlling Interests	Total Equity
		Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Retained Earnings Unappropriated		
Balance at June 1, 2016		P 1,651,435,400	(P 38,655,641)	P 62,622,697	-	P 2,573,733,100	P 2,166,611,076	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)	(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)	258,045,197	(172,187,223)
Total comprehensive income (loss)									
Net profit for the year	11, 22	-	-	-	-	-	749,519,197	56,933,114	806,452,311
Other comprehensive income (loss)		-	-	(22,915,132)	-	-	-	2,694,872	(20,220,260)
		-	-	(22,915,132)	-	-	749,519,197	59,627,986	786,232,051
Balance at May 31, 2017		<u>P 1,651,435,400</u>	<u>(P 49,362,563)</u>	<u>P 39,707,565</u>	<u>(P 57,785,452)</u>	<u>P 2,573,733,100</u>	<u>P 2,554,390,227</u>	<u>P 2,110,507,070</u>	<u>P 8,822,625,347</u>
Balance at April 1, 2016		P 1,651,435,400	(P 33,855,641)	P 44,997,346	-	P 2,573,733,100	P 2,332,891,298	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	11	-	-	-	-	-	(166,280,222)	(281,697)	(166,561,919)
Other comprehensive income		-	-	17,625,351	-	-	-	1,420,384	19,045,735
		-	-	17,625,351	-	-	(166,280,222)	1,138,687	(147,516,184)
Balance at May 31, 2016		<u>P 1,651,435,400</u>	<u>(P 38,655,641)</u>	<u>P 62,622,697</u>	<u>-</u>	<u>P 2,573,733,100</u>	<u>P 2,166,611,076</u>	<u>P 1,792,833,887</u>	<u>P 8,208,580,519</u>

	Notes	Attributable to Owners of the Parent Company							Non-controlling Interests	Total Equity
		Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Retained Earnings Unappropriated	Total		
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	-	-	-
Total comprehensive income (loss)		-	-	-	-	539,230,000	(539,230,000)	-	-	-
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

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)	(21,935,917)

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		<u>456,690,594</u>	<u>792,087,558</u>	<u>(420,412,701)</u>
Cash and Cash Equivalents of Newly-acquired Subsidiary	1	-	28,115,587	-
Effect of Exchange Rate Changes on Cash and Cash Equivalents		<u>1,442,262</u>	<u>781,021</u>	<u>978,009</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		312,850,668	123,766,043	202,137,280
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<u>1,213,350,580</u>	<u>1,089,584,537</u>	<u>887,447,257</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>P 1,526,201,248</u>	<u>P 1,213,350,580</u>	<u>P 1,089,584,537</u>

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).

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Financial Soundness Indicators
May 31, 2017 and 2016 and March 31, 2016

	<u>May 31, 2017</u>	<u>May 31, 2016</u>	<u>March 31, 2015</u>
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-current, over a longer time horizon.

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

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

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

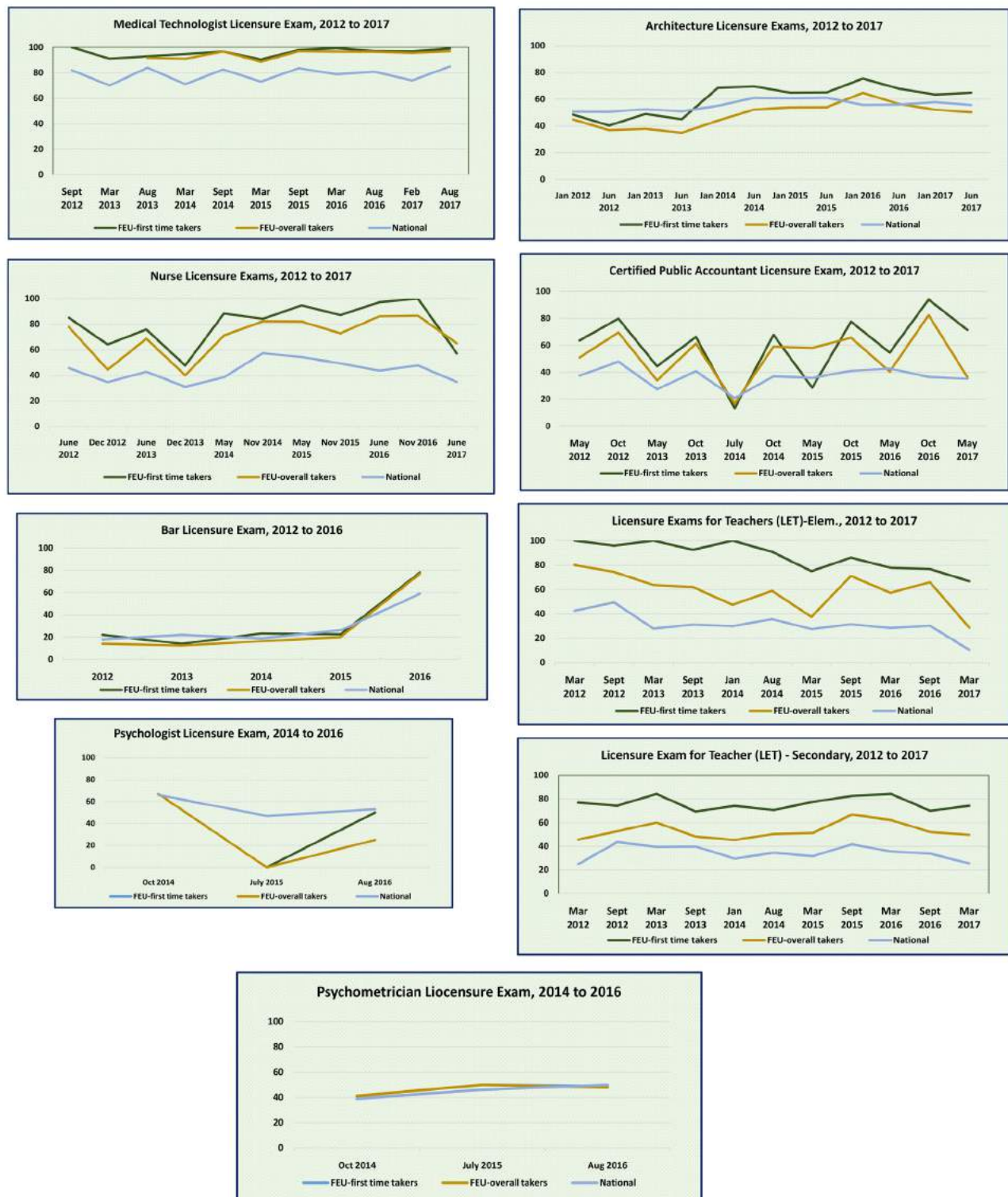
TEST OF PROFITABILITY refers to the Group's earning capacity. This includes the Group's ability to earn reasonable amount of income in relation to total investment.

Return on assets - net income divided by total assets

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

Earnings per share - net income divided by average outstanding common shares

Chart. FEU Manila Performance in Professional Licensure Examinations





FEU-DILIMAN, GROUNDBREAKING

Far Eastern University Diliman (FEU Diliman) recently celebrated its 23rd anniversary with a groundbreaking activity for a new Basic Education Department Building, at its Mapayapa Village campus in Quezon City. Led by FEU chairman Aurelio Montinola III, the event was attended by members of the school's board of trustees, administrators, faculty members, and students. Housed within a 10-hectare area, the new facilities will feature a blend of play and learning for the early grades, and collaborative learning for junior high school.



SIXTH FEU CAMPUS TAKES FORM WITH FIRST CONCRETE POURING IN ALABANG

Far Eastern University (FEU) recently marked the construction of its newest campus in Filinvest, Muntinlupa, with the first pouring of its concrete foundation.

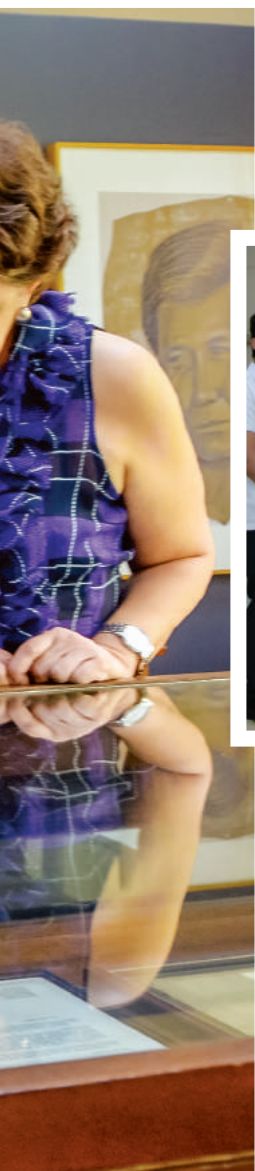
In time for the university's 90th anniversary, FEU Alabang aims to welcome up to 18,000 students in 2018. As the first tertiary campus inside Filinvest Alabang's Central Business District, the new site will offer programs in business, health sciences, computer science, information technology, and engineering.



ARTS & EVENTS

The University's love for the arts is evident with the abundance of artworks – from metal figures to bust artworks, from huge paintings to overwhelming photos. The recent various exhibitions celebrating the National Artist Nick Joaquin, the Chinese Story exhibit, Hudyat, Andy Manarpiiz's exhibit showcase the innate talents of both professional and aspiring artists.





STUDENTS SUCCESS

The winning streak of FEU students continue in AY 2016-2017 with the Ganiel Krishnan, Janelle Mae Frayna, Ronalyn Pordan and Rachel Daquiz bringing home pride to the tamaraw community.





CORE VALUES

Fortitude

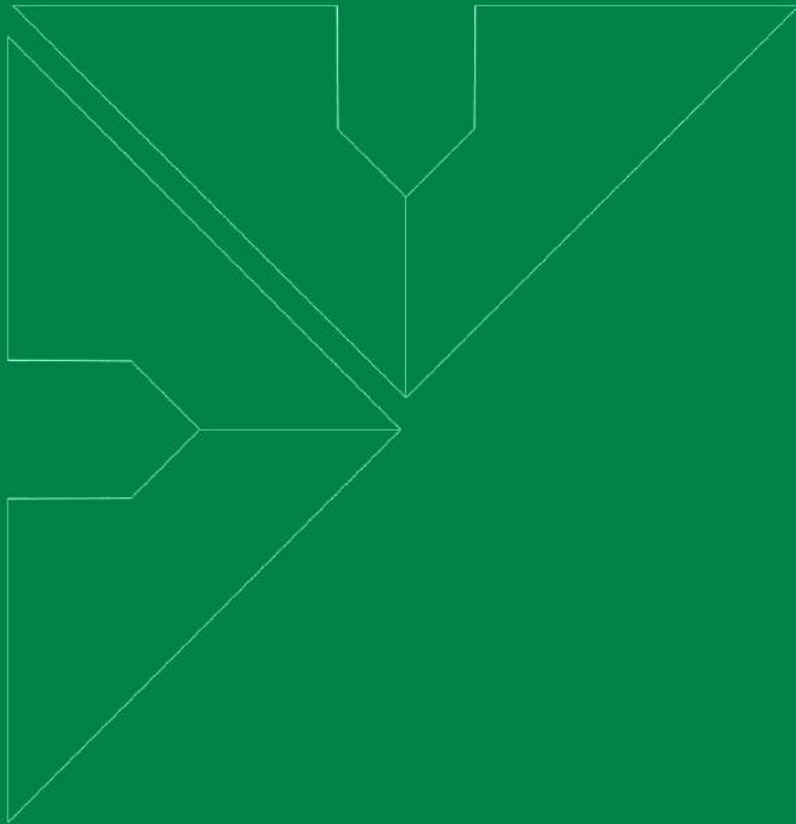
Fortitude refers to the ability to persevere, not give in or give up, to be committed to an ideal, and to pursue it with hard work and courage.

Excellence

Excellence refers to the ability to do rigorous, meticulous, innovative, creative, and relevant endeavors that are comparable to the highest standards, effectively communicated to the stakeholders, and steeped in critical thinking.

Uprightness

Uprightness refers to moral and ethical integrity, selflessness, fairness, and a commitment to the greater good.



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