SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
   Feb 29, 2020
2. SEC Identification Number
   538
3. BIR Tax Identification No.
   000-225-442
4. Exact name of issuer as specified in its charter
   Far Eastern University, Incorporated
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   Nicanor Reyes Street, Sampaloc, Manila
   Postal Code
   1015
8. Issuer's telephone number, including area code
   (632) 8-849-4000
9. Former name or former address, and former fiscal year, if changed since last report
   NOT APPLICABLE
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P100.00 par value	16,477,023

11. 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
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

(b) has been subject to such filing requirements for the past ninety (90) days

Yes No

Far Eastern University, Incorporated
FEU

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Feb 29, 2020
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Feb 29, 2020	May 31, 2019
Current Assets	5,030,687,555	3,848,878,876
Total Assets	15,493,083,844	14,079,957,834
Current Liabilities	3,328,434,397	3,170,713,591
Total Liabilities	5,072,644,541	4,211,883,371
Retained Earnings/(Deficit)	6,071,036,549	5,719,598,066
Stockholders' Equity	10,420,439,303	9,868,074,463
Stockholders' Equity - Parent	7,611,470,007	7,251,353,046
Book Value per Share	463.43	441

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,002,296,518	807,296,214	2,927,514,229	2,472,088,234
Gross Expense	767,342,417	856,588,248	2,119,710,664	1,990,697,519
Non-Operating Income	13,525,897	45,712,351	150,681,580	131,270,803

Non-Operating Expense	30,414,876	41,580,828	98,594,077	85,919,882
Income/(Loss) Before Tax	234,954,101	-49,292,034	807,803,565	481,390,715
Income Tax Expense	48,908,582	10,064,520	93,666,568	63,185,569
Net Income/(Loss) After Tax	186,045,519	-59,356,554	714,136,997	418,205,146
Net Income Attributable to Parent Equity Holder	187,022,109	-69,620,314	680,978,943	384,636,921
Earnings/(Loss) Per Share (Basic)	11.39	-4.24	41.46	23.42
Earnings/(Loss) Per Share (Diluted)	11.39	-4.24	41.46	23.42

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	63.91	29.68
Earnings/(Loss) Per Share (Diluted)	63.91	29.68

Other Relevant Information
-

Filed on behalf by:

Name	MA. CRISTINA TALAMPAS
Designation	ADMINISTRATION MANAGER

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
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(632) 725 5621
www.feu.edu.ph

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SEC RULE 17 (2) (b) THEREUNDER

1. For the Quarter period ended **February 29, 2020**

2. SEC Identification Number **538**

3. PSE Code

4. BIR Tax Identification No. **000-225-442**

5. Exact Name of Registrant as specified in its charter **Far Eastern University, Incorporated**

6. Province, Country or other jurisdiction of Incorporation or organization **Philippines**

7. (SEC use only)

8. Address of Principal Office **Nicanor Reyes Street, Sampaloc, Manila**
   Postal Code **1015**

9. Registrant's Telephone Number including Area Code **(632) 8-849-4000**

10. **NOT APPLICABLE**
    Former name, former address, and former fiscal year, if changed since last report.

11. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱100.00 par value	**16,477,023**
Bond with Non-Detachable Warrant, ₱1.00 per unit	**Not Applicable**

12. All of these common securities are listed with the Philippine Stock Exchange, Inc.

13. Has filed all reports required during the preceding 12 months (or for such shorter period required to file such reports):

    a) Sections 17 of the Code and SRC Rule 17

    Yes [**x**] No [ ]

    b) Sections 26 and 141 of the Corporation Code of the Philippines

    Yes [**x**] No [ ]

Financial Information

Item 1. Quarterly Financial Statements attached.

FAR EASTERN UNIVERSITY, INCORPORATED

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

GLENN Z. NAGAL
Comptroller

PAMELA M. HERNANDEZ
Chief Accountant

Manila
08 April 2020

Management's Discussion and Analysis or Plan of Operation

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

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

With the onslaught of the ongoing worldwide pandemic of Covid-19, known early in January 2020 of its unprecedented scale of human to human infection transmission, FEU as a community is in solidarity with the nation in its call for social distancing, economic lockdown of non-essential business, and postponement of educational activities, among others. With FEU's technological resources and capability to deliver online lessons, impact to studentry's learning journey is significantly minimized. The impact of this Covid-19 has not yet manifested in this third quarter results as it is still too early and not determinable to tell as of report date.

Consolidated Financial Position

The consolidated financial position of The Far Eastern University, Incorporated and subsidiaries (the Group) remains firm as of February 29, 2020, the 9th month of its Academic Year (AY), which is at the early part of second semester for semestral schools and late part of the second term for trimestral schools.

Consolidated total assets of the Group grew by P1,413.13 million to P15,493.08 million as of the report date. Current and non-current assets both increased by P1,181.81 million and P231.32 million, respectively.

Asset growth is mainly attributable to Cash and cash equivalents, Trade and other receivables and Property and equipment. Significant cash inflows from operations, net proceeds from loans, investments of non-controlling interest (NCI) in a new subsidiary, and proceeds from maturity of investments at amortized cost are the main drivers of the increase in Cash and cash equivalents. Receivables, which mostly pertain to receivable from students, accumulated due to current semester enrollments. Moreover, the higher amount of Property and equipment is due to asset additions on on-going school building constructions.

Consolidated total liabilities was registered at P5,072.64 million, higher by P860.76 million compared to its May 31, 2019 balance. Current and non-current liabilities went up by P157.72 million and P703.04 million, respectively. Deferred revenues, pertaining to tuition and other school fees, increased significantly as the second semester started. Also, a significant portion of currently maturing bank loans were settled in exchange for longer-termed bank loans, resulting to a net increase in non-current liabilities.

The Group's consolidated total equity as of February 29, 2020 has grown to P10,420.44 million, as it gained P552.36 million, compared to the current period's beginning balance of P9,868.07 million, mainly on account of strong result of operations.

Consolidated Results of Operation

The Group's Net income after tax for the nine months ended February 29, 2020 registered an improvement of 71%, or an amount of P295.93 million, compared to P418.21 million earned for the same period last fiscal year (FY).

The growth in the results of operations is mainly on account of a stronger earnings from core operations as the Operating income during the period jumped by 73% compared to that of the same period last FY.

Total revenues improved by 19%, resulting mainly from educational revenues due to increase in enrollment for the first and second semesters of the current AY. Also, Fern Realty Corporation (FRC) recognized an income from a sale of its investment property during the period.

Operating expenses rose by 6% due mainly to Salaries and employee benefits and Depreciation. During the period, there are more teaching positions to serve the larger student population, while there was also the annual salary rate increase. Higher Depreciation resulted from continuous fixed asset additions during the period and in previous FYs.

On the non-core income, Other income – net, resulting from various incidental activities, grew by 89%, on an amount of P40.89 million. Finance income was down by 25% due to decline in stock market performance, while Finance cost jumped by 15% due to interest on loans and foreign exchange (forex) loss on US Dollar (USD) denominated financial assets.

Income tax expense went up by 48% which is consistent with the increase in taxable income.

Other comprehensive income pertains to mark-to-market movement of Financial assets at fair value through other comprehensive income (FVOCI).

A Look at What Lies Ahead

The consolidated financial position and the consolidated results of operations of the Group are expected to remain operationally stable at its core until year-end, however, previous gains in below the line market gains may be recouped by observed slowdown of financial markets.

With the improvement of the FEU system's tertiary and overall enrollments compared to same period last year (i.e., at present we now have two additional year level coming off the impact of K-12), the completion of various facilities construction and improvements, and a continuous effort to attain operational cost efficiency, the Group is confident that it will maintain steady core operations and meet its budget for the year ending May 31, 2020.

Although, the Group anticipates a minimal financial effect brought about by the Covid-19 pandemic since the current academic schedules are already in the final months of the academic calendar, and that certain initiatives are already implemented to mitigate the risks of the pandemic on its business operations, the University is still not discounting the probable impact of such pandemic if the lockdown will continue beyond one month which may affect the inflow of 3rd trimester enrollment for trimestral schools and the general learning journey and platform of the other FEU students, sans their priorities on spending.

The Group remains committed to the core values of affordable and accessible quality education for students and meaningful career for its faculty and employees.

Significant changes in real accounts as of February 29, 2020, compared to May 31, 2019
(Amounts in Philippine Peso)

		February 29	May 31	Increase (Decrease)	%
1	Cash and cash equivalents	**P 1,921,291,987**	P 1,520,192,490	P 401,099,497	26%
2	Trade and other receivables – net	**1,250,557,609**	622,030,782	628,526,827	101%
3	Financial assets at fair value through profit or loss (FVTPL)	**960,317,230**	837,414,512	122,902,718	15%
4	Financial assets at FVOCI	**623,278,896**	706,696,872	(83,417,976)	-12%
5	Investments at amortized cost	**648,821,610**	787,493,150	(138,671,540)	-18%
6	Other current assets – net	**191,050,823**	206,017,421	(14,966,598)	-7%
7	Property and equipment – net	**9,206,266,660**	8,708,590,224	497,676,436	6%
8	Trade and other payables	**1,309,375,294**	1,405,750,972	(96,375,678)	-7%
9	Interest-bearing loans	**2,552,142,858**	2,358,571,429	193,571,429	8%
10	Derivative liability	**18,935,834**	36,720,866	(17,785,032)	-48%
11	Deferred revenues	**1,017,260,118**	258,368,982	758,891,136	294%
12	Income tax payable	**45,026,134**	27,535,754	17,490,380	64%
13	Revaluation reserves	**13,606,926**	3,264,862	10,342,064	317%
14	Retained earnings	**6,071,036,549**	5,719,598,066	351,438,483	6%
15	Non-controlling interest	**2,808,969,296**	2,616,721,417	192,247,879	7%

Significant changes in revenue, expense and other income and cost items during the same period (nine months ended February) this year and in prior year *(Amounts in Philippine Peso)*

		2020	2019	Increase (Decrease)	%
REVENUE					
1	Educational revenues - net	**P 2,697,613,737**	P 2,305,141,680	P 392,472,057	17%
2	Sale of investment property	**37,988,903**	-	37,988,903	100%
3	Finance income	**64,063,252**	85,538,417	(21,475,165)	-25%
4	Other income - net	**86,618,328**	45,732,386	40,885,942	89%
COST AND EXPENSES					
1	Salaries	**P 757,765,698**	P 697,472,720	P 60,292,978	9%
2	Depreciation	**323,512,505**	260,061,926	63,450,579	24%
3	Employee benefits	**248,782,321**	204,056,324	44,725,997	22%
4	Finance cost	**98,594,077**	85,919,882	12,674,195	15%
5	Taxes and licenses	**85,262,327**	209,283,763	(124,021,436)	-59%
6	Professional fees	**72,371,601**	52,274,997	20,096,604	38%
7	Supplies and materials	**65,671,895**	52,096,252	13,575,643	26%
8	Provision for impairment loss	**49,672,145**	46,626,972	3,045,173	7%
9	Repairs and maintenance	**24,937,058**	17,628,380	7,308,678	41%
10	License and support	**23,138,431**	15,166,373	7,972,058	53%
11	Rental	**18,901,603**	10,474,681	8,426,922	80%
12	Student training and development	**12,439,610**	3,841,409	8,598,201	224%

Causes of material changes in real accounts as of February 29, 2020, compared to May 31, 2019

TOTAL ASSETS

Consolidated total assets of the Group grew by P1,413.13 million. Significant movements in the accounts were as follows:

1. **Cash and cash equivalents increased by P401.1 million or 26%**

   This is mainly due to cash inflows from operating activities, NCI investment in new subsidiary, Edustria, proceeds from maturity of investment securities at amortized cost and net proceeds from loan. The net cash inflow was partially offset by major cash outflows, particularly as a result of fixed asset acquisitions, dividend payments and net acquisition of financial assets at FVTPL.

2. **Trade and other receivables increased by P628.5 million or 101%**

   The increase is mainly due to tuition fee receivables from students pertaining to current semester enrollments.

3. **Financial assets at FVTPL increased by P122.9 million or 15%**

   The increase is due to net additional investments, mainly in equity securities, made by FEU and East Asia Computer Center, Inc. (EACCI).

4. **Financial assets at FVOCI decreased by P83.4 million or 12%**

   The decrease is mainly due to strategic selling of investments and fair value losses.

5. **Investments at amortized cost decreased by P138.7 million or 18%**

   The decline is due to maturity of various forex-denominated corporate bonds held by FEU.

6. **Other current assets decreased by P15.0 million or 7%**

   This is mainly due to decrease in short-term investments and various other assets.

7. **Property and equipment increased by P497.7 million or 6%**

   The accretion is mainly due to construction-in-progress pertaining to the on-going construction of the portion of the significantly-complete FEU-Alabang campus, school building in FEU-Manila campus (Lerma property), EACCI's construction costs for a school building in Diliman campus, building construction in RCI's Marikina campus, and constructions undertaken by new subsidiary, Edustria.

TOTAL LIABILITIES

Consolidated total liabilities of the Group increased by P860.76 million. Significant movements in the accounts were as follows:

8. Trade and other payables decreased by P96.4 million or 7%

Balance is lesser due to timing of settlement of various trade payables mainly that of EACCI and RCI.

9. Interest-bearing loans increased by P193.6 million or 8%

The outstanding balance of bank loans went up due to new loan availments of FEU and RCI; these were partially offset, however, by principal repayments made by FEU on currently maturing loans.

10. Derivative liability decreased by P17.8 million or 48%

Derivative liability pertains to the amount of payable which is recognized resulting from foreign exchange (forex) conversion differences every report date, comparing the conversion amount based on current forex rate with a certain pre-determined conversion amounts of FEU's USD-denominated investment in bonds. The decline resulted from maturity of the related investment in bonds to which a derivative liability was previously recognized.

11. Deferred revenue increased by P758.9 million or 294%

Growth in balance pertains to tuition fees collected and charged/billed which were not yet earned as of the report date. As of the end of the nine-month report period, there remains a portion of the total tuition fees collected and charged to be recognized as income over the remaining academic period by the University, FEU Cavite, FEU High, RCI, FEU Tech and FEU Alabang. As of May 31, 2019, the balance of the account is lower as the deferred revenues initially recorded for the previous AY was already recognized as income.

12. Income tax payable increased by P17.5 million or 64%

The increase is mainly attributable to the corresponding increase in taxable income of the University, EACCI, FRC and FEU High School, Inc. (FEU High).

EQUITY

Consolidated total equity of the Group increased by P552.36 million. Significant movements in equity were as follows:

13. Revaluation reserves increased by P10.3 million or 317%

The increase is due to the net increase of the fair value of various investments, mainly preferred shares, government securities and corporate bonds, which are accounted for as Financial Assets at FVOCI.

14. Retained Earnings increased by P351.4 million or 6%

The growth is due to the current period net income attributable to the owners of the parent company, which is partially offset by dividends declared.

15. NCI increased by P192.2 million or 7%

The increase is mainly due to non-controlling investments in the Group's new subsidiary, Edustria. Moreover, the share of NCI in the net income of FRC also contributed to the increase.

Causes of material changes in revenue, expense and other income and cost items during the same period (nine months ended February) this year and in prior year

The Group's consolidated net income (income after tax) improved by P295.9 million. Significant movements in profit or loss were as follows:

REVENUE

1. Educational revenues increased by P392.5 million or 17%

The improvement is due to increased enrollment for the AY 2019-2020. System-wide enrollment (first semester) improved to 43,300 level compared to last year's 39,900. Student enrollment increased, particularly in the tertiary level, due to the enrollment of freshmen students. This current AY marks the entry of the 2nd batch of senior high school graduates to college; last AY, the 2nd year level in tertiary has very few students due to the K-12.

2. Sale of investment property increased by P38.0 million or 100%

This income was generated by FRC resulting from the sale of its condominium units which were classified as investment properties. No same transaction has occurred last year.

3. **Finance income decreased by P21.5 million or 25%**

The slide in this income stream resulted from net fair value losses on equity investments classified as financial assets at FVTPL, due to downward performance in the stock market.

4. **Other income increased by P40.9 million or 89%**

The increase is mainly due to improvement in EACCI's other incidental income from students, and FEU's bookstore operations and income from various incidental activities.

COST AND EXPENSES

1. **Salaries increased by P60.3 million or 9%**

Additional expense for the current period mainly resulted from increased student enrollments. Significant portion of the increase comes from FEU, FEU Alabang, FEU High, and EACCI due to additional teaching positions and regular salary rate increases.

2. **Depreciation increased by P63.5 million or 24%**

The surge is due to the increased depreciable values of fixed asset brought about by various asset additions in prior years.

3. **Employee benefit increased by P44.7 million or 22%**

The hike in the expense item is directly related to the increase in salary rates, additional teaching position filled during the period, and usage-based benefits availed by employees.

4. **Finance costs increased by P12.7 million or 15%**

This is mainly attributable to interest on bank loans resulting from additional loans, and forex loss on USD-denominated investment in bonds.

5. **Taxes and licenses decreased byP124.0 million or 59%**

The significant expense last year includes the amount paid by FEU pertaining to certain local tax assessed for prior years, which is no longer incurred for the current period.

6. **Professional fees increased by P20.1 million or 38%**

The increase mainly pertains to additional amounts incurred for honoraria for students' thesis advisers, thesis defense panelists, jurors and consultants; resource persons for elective courses, lecturers for seminars and lectures series; Wellness Recreation Program specialists, and other various outside professional services.

7. **Supplies and materials increased by P13.6 million or 26%**

   The increase is mainly driven by more usage resulting from increased customer base being served by the FEU schools.

8. **Provision for impairment loss increased by P3.0 million or 7%**

   Interim amount is higher due to accrual of provision based on the current level of receivables which likewise increased.

9. **Repairs and maintenance increased by P7.3 million or 41%**

   This is due to the continuous efforts for facilities maintenance and improvements to ensure a safe and well-maintained environment for students and employees.

10. **License and support increased by P8.0 million or 53%**

    The jump in the expense is due to amounts incurred for the current renewal of Netsuite license, subscription for Turnitin, an internet-based plagiarism detection software, continuous use of the Canvas learning management system, and purchase of Microsoft 365 licenses.

11. **Rental increased by P8.4 million or 80%**

    Increased expense pertains to more outside rentals incurred by EACCI and rental expense incurred by the new subsidiary, Edustria.

12. **Student training and development increased by P8.6 million or 224%**

    This pertains to expenses incurred for various academic-related student activities. More expenses incurred relates to the increased student population served by the FEU schools.

Top Five (5) Key Performance Indicators / Financial Soundness 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. The 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)

February 29, 2020	May 31, 2019	February 28, 2019
1.51 : 1	1.21 : 1	0.96 : 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)

February 29, 2020	May 31, 2019	February 28, 2019
1.44 : 1	1.13 : 1	0.85 : 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 indicators as presented below.

1. Debt-to-equity ratio measures the amount of assets provided by the creditors relative to that provided by the owners. (Adequate: 100% or less)

February 29, 2020	May 31, 2019	February 28, 2019
49%	43%	52%

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)

February 29, 2020	May 31, 2019	February 28, 2019
33%	30%	34%

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

February 29, 2020	May 31, 2019	February 28, 2019
67%	70%	66%

III. Test of Asset Utilization and 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).

February 29, 2020 ***(Nine Months)***	May 31, 2019 *(One Year)*	February 28, 2019 *(Nine Months)*
5%	6%*	3%*

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

February 29, 2020 ***(Nine Months)***	May 31, 2019 *(One Year)*	February 28, 2019 *(Nine Months)*
7%	8%*	4%*

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

February 29, 2020 ***(Nine Months)***	May 31, 2019 *(One Year)*	February 28, 2019 *(Nine Months)*
P 41.46	P45.86*	P 23.42*

**Decrease in net income due to the implementation of K-12. There were lesser college freshmen and/or sophomore students.*

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IV. Product/Service Standard

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

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

- **FEU**

FEU was designated the **Autonomous Status** by the Commission on Higher Education (CHED) on July 12, 2012. The latest extended validity is until May 31, 2021.

FEU is a member of the **ASEAN University Network – Quality Assurance (AU-QA)** and the **Association to Advance Collegiate Schools of Business (AACSB)**.

Bachelor of Science in Business Administration was awarded **Center of Development** by the CHED.

Teacher Education Program was awarded **Center of Excellence** by the CHED.

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.

Various programs of the University are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU). Accreditations granted for various programs were as follows:

- PACUCOA Level IV Status from December 2015 to December 2020
- PACUCOA Level II Reaccredited Status from February 2017 to February 2022
- PACUCOA Level II Reaccredited Status from May 2018 to May 2023:
- PACUCOA Level I Status from February 2017 to February 2022
- PACUCOA Candidate status from May 2018 to May 2020
- PAASCU Level III Status until November 2021

- **FEU Tech** ***(operated by EACCI)***

  Certain engineering programs are granted Level II and Level I accreditation from PAASCU

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

  FEU Cavite aspires to be a school of choice in the Southern Tagalog region by pursuing the twin goals of inculcating a love for learning among its students and being an engine for the region's community development. It seeks to develop its students as values-driven, service oriented, and future-ready global citizens through a technology-empowered and individualized learning system. Its social mission is to fuel community growth by heritage preservation and environmental stewardship.

- **FEU Senior High School** ***(operated by FEU High School, Inc.)***

  Guided by the core values of Fortitude, Excellence, and Uprightness, FEU High provides quality education that prepares its graduates for college, the world of work, and life. Its curriculum is student-centered, values-oriented, and competency-laden; its delivery methods are technology-enabled, and its learning activities are project-based.

  The FEU Senior High School offers the following strands under the Academic Track of the senior high school program:

  - ***Science, Technology, Engineering and Mathematics (STEM)***
  - ***Accounting, Business and Management (ABM)***
  - ***Humanities and Social Sciences (HUMSS)***
  - ***General Academic Strand (GAS) – with sub-specializations of Tourism, Arts and Design, and Sports and Health***

- **Roosevelt College** ***(operated by RCI)***

  RCI has a long history of establishing good-quality nonsectarian private high schools, first as Marikina Academy in 1933 and as RCI starting 1946.

  RCI envisions the formation of a productive and responsible citizenry empowered through education. It offers the following degree programs and short programs:

  - **Basic Education Program: K-12**
  - **Developmental Kindergarten for 4-year olds**
  - **Special Science Program for Junior High School students with high aptitude in Science, Math, and English** *(RCI Cainta)*

  - **Senior High School**
    - *Academic Track: ABM, HUMSS, and STEM strands*
    - *Tech-Vocational: Home Economics strand (RCI Rodriguez only)*

  - **Tertiary Education** *(RCI Cainta only, except if otherwise indicated)*

    Undergraduate Programs
    - *Bachelor of Elementary Education with Specialization in Early Childhood Education*
    - *Bachelor of Elementary Education*
    - *Bachelor of Secondary Education Major in English*
    - *Bachelor of Secondary Education Major in Mathematics*
    - *Bachelor of Secondary Education Major in Science*
    - *Bachelor of Secondary Education Major in Filipino*
    - *Bachelor of Secondary Education Major in Social Studies*
    - *Bachelor of Secondary Education Major in Values Education*
    - *BS in Information Technology (RCI Marikina)*
    - *BSBA major in Human Resources Management (RCI Marikina/Cainta)*
    - *BSBA major in Operations Management (RCI Marikina/Cainta)*
    - *BSBA major in Marketing Management (RCI Marikina/Cainta)*
    - *BS in Hotel and Restaurant Management*

Graduate Program

- *MA in Education Major in Educational Management*
- *MA in Education Major in Educational Technology*
- *MA in Education Major in Teaching in the Early Grades*
- *MA in Education Major in Social Studies*
- *MA in Education Major in Filipino Education*
- *MA in Education Major in Mathematics Education*
- *MA in Education Major in Science Education*
- *MA in Education Major in English Studies & Instruction*
- *MA in Education Major in Guidance & Counselling*
- *MA in Education Major in Special Education*
- *MA in Education Major in Physical Education*
- *MA in Education Major in Values Education*
- *Teacher Certificate Program*

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

Founded on July 21, 2016, FEU Alabang, Inc., carries Far Eastern University's mission to provide quality education to the south of Metro Manila. It is located in Filinvest City, Alabang, one of the most progressive areas in Southern Metro Manila. Opened in August 2018, the 1.8-hectare campus welcomed students to its 17-story academic building, which is equipped with modern classrooms and laboratories, as well as a campus accented by lush green spaces and featuring a 200-seat chapel and gymnasium.

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

Senior High School

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

College of Engineering

- *Bachelor of Science in Civil Engineering*
- *Bachelor of Science in Computer Engineering*
- *Bachelor of Science in Electronics Engineering*
- *Bachelor of Science in Electrical Engineering*
- *Bachelor of Science in Mechanical Engineering*
- *Bachelor of Science in Manufacturing Engineering*

College of Computer Studies and Multimedia Arts

- *Bachelor of Arts in Multimedia Arts*
- *Bachelor of Science in Computer Science*
- *Bachelor of Science in Entertainment and Multimedia Computing*

V. Market Acceptability

Below is a schedule of the Group's first semester enrollment for the past five years.

School Year	No. of Students	Increase / (Decrease)
2015 - 2016	34,163	-
2016 - 2017	36,839	8%
2017 - 2018	33,256	-10%
2018 - 2019	39,892	20%
2019 - 2020	43,334	9%

The substantial enrollment, despite difficult times coupled with the effects of the K-12 program, is an indication that the FEU Group of Schools remains to be among the better choices among the various colleges and universities in Metro Manila and in Rizal and Cavite provinces. Also, the Group continues to expand its reach in senior high school and basic education.

FORMULA USED:

I. Liquidity

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

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

II. Solvency

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

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

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

III. Profitability

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

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

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

Other Items

1. The current economic condition remains stable but, certain economic factors are still expected to affect the Group's revenue from operations.

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

3. There are no known events that will trigger direct or contingent financial obligation that may be material to the Group.

4. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons which are 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.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FEBRUARY 29, 2020 AND MAY 31, 2019
(Amounts in Philippine Pesos)

	February 29, 2020 (UNAUDITED)	May 31, 2019 (AUDITED)
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	**P 1,921,291,987**	P 1,520,192,490
Trade and other receivables - net	**1,250,557,609**	620,161,736
Financial assets at fair value through profit or loss	**960,317,230**	837,414,512
Financial assets at fair value through other comprehensive income	**325,537,586**	277,750,721
Investment securities at amortized cost	**258,398,761**	263,808,437
Real estate held-for-sale	**123,533,559**	123,533,559
Other current assets - net	**191,050,823**	206,017,421
Total Current Assets	**5,030,687,555**	3,848,878,876
NON-CURRENT ASSETS		
Trade and other receivables	**-**	1,869,046
Financial assets at fair value through other comprehensive income	**297,741,310**	428,946,151
Investment securities at amortized cost	**390,422,849**	523,684,713
Property and equipment - net	**9,206,266,660**	8,708,590,224
Investment properties - net	**154,719,265**	154,874,322
Goodwill	**186,487,019**	186,487,019
Deferred tax assets - net	**24,389,646**	25,673,121
Other non-current assets	**202,369,540**	200,954,362
Total Non-current Assets	**10,462,396,289**	10,231,078,958
TOTAL ASSETS	**P 15,493,083,844**	P 14,079,957,834

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		February 29, 2020 (UNAUDITED)		May 31, 2019 (AUDITED)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	P	**1,309,375,294**	P	1,405,750,972
Interest-bearing loans		**888,571,429**		1,393,571,429
Derivative liability		**18,935,834**		36,720,866
Deferred revenues		**1,017,260,118**		258,368,982
Provisions		**49,265,588**		48,765,588
Income tax payable		**45,026,134**		27,535,754
Total Current Liabilities		**3,328,434,397**		3,170,713,591
NON-CURRENT LIABILITIES				
Interest-bearing loans		**1,663,571,429**		965,000,000
Post-employment benefit obligation		**50,970,243**		47,313,579
Deferred tax liabilities - net		**22,684,801**		22,684,801
Other non-current liabilities		**6,983,671**		6,171,400
Total Non-current Liabilities		**1,744,210,144**		1,041,169,780
Total Liabilities		**5,072,644,541**		4,211,883,371
EQUITY				
Equity attributable to owners of the parent company				
Capital stock		**1,651,435,400**		1,651,435,400
Treasury stock - at cost	(	**66,823,416)**	(	65,159,830)
Revaluation reserves		**13,606,926**		3,264,862
Other reserves	(	**57,785,452)**	(	57,785,452)
Retained earnings		**6,071,036,549**		5,719,598,066
Total equity attributable to owners of parent company		**7,611,470,007**		7,251,353,046
Non-controlling interests		**2,808,969,296**		2,616,721,417
Total Equity		**10,420,439,303**		9,868,074,463
TOTAL LIABILITIES AND EQUITY	P	**15,493,083,844**	P	14,079,957,834

See Notes to Condensed Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Amounts in Philippine Pesos)
(UNAUDITED)

	For the Quarter		Year-to-Date	
	December 1, 2019 - February 29, 2020	December 1, 2018 - February 28, 2019	**June 1, 2019 - February 29, 2020**	June 1, 2018 - February 28, 2019
REVENUES				
Educational				
Tuition fees - net	**P 925,661,278**	P 705,507,695	**P 2,605,769,633**	P 2,248,061,341
Other school fees	**45,631,782**	42,249,470	**91,844,104**	57,080,339
	971,293,060	747,757,165	**2,697,613,737**	2,305,141,680
Sale of investment property	-	-	**37,988,903**	-
Rental	**15,157,283**	12,809,285	**37,371,101**	34,068,158
Others	**2,320,278**	1,017,413	**3,858,908**	1,607,593
	988,770,621	761,583,863	**2,776,832,649**	2,340,817,431
COSTS AND OPERATING EXPENSES	**(736,927,541)**	(815,007,420)	**(2,021,116,587)**	(1,904,777,637)
OPERATING INCOME (LOSS)	**251,843,080**	(53,423,557)	**755,716,062**	436,039,794
FINANCE INCOME	**(6,189,392)**	23,830,646	**64,063,252**	85,538,417
FINANCE COSTS	**(30,414,876)**	(41,580,828)	**(98,594,077)**	(85,919,882)
OTHER INCOME -- NET	**19,715,289**	21,881,705	**86,618,328**	45,732,386
PROFIT (LOSS) BEFORE TAX	**234,954,101**	(49,292,034)	**807,803,565**	481,390,715
TAX EXPENSE	**(48,908,582)**	(10,064,520)	**(93,666,568)**	(63,185,569)
NET PROFIT (LOSS)	**P 186,045,519**	(P 59,356,554)	**P 714,136,997**	P 418,205,146
Net Profit (Loss) Attributable to:				
Owners of the parent company	**P 187,022,109**	(P 69,620,314)	**P 680,978,943**	P 384,636,921
Non-controlling interests	**(976,590)**	10,263,760	**33,158,054**	33,568,225
	P 186,045,519	(P 59,356,554)	**P 714,136,997**	P 418,205,146
Earnings Per Share				
Basic and Diluted	**P 11.39**	(P 4.24)	**P 41.46**	P 23.42

See Notes to Condensed Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Amounts in Philippine Pesos)
(UNAUDITED)

	For the Quarter		**Year-to-Date**	
	December 1, 2019 - February 29, 2020	December 1, 2018 - February 28, 2019	**June 1, 2019 - February 29, 2020**	June 1, 2018 - February 28, 2019
NET PROFIT (LOSS)	**P 186,045,519**	(P 59,356,554)	**P 714,136,997**	P 418,205,146
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value gains (losses) on debt securities classified as financial assets at fair value through other comprehensive income	**(542,828)**	27,554,554	**10,616,039**	(2,191,252)
Item that will not be reclassified subsequently to profit or loss				
Net fair value losses on equity securities classified as financial assets at fair value through other comprehensive income	**(4,238,959)**	(1,690,849)	**(273,975)**	(9,957,844)
Other Comprehensive Income (Loss)	**(4,781,787)**	25,863,705	**10,342,064**	(12,149,096)
TOTAL COMPREHENSIVE INCOME (LOSS)	**P 181,263,732**	(P 33,492,849)	**P 724,479,061**	P 406,056,050
Total Comprehensive Income (Loss) Attributable to:				
Owners of the parent company	**P 182,240,322**	(P 43,756,609)	**P 691,321,007**	P 371,840,490
Non-controlling interests	**(976,590)**	10,263,760	**33,158,054**	34,215,560
	P 181,263,732	(P 33,492,849)	**P 724,479,061**	P 406,056,050

See Notes to Condensed Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company								
					Retained Earnings				
	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Non-controlling Interests	Total Equity
Balance at June 1, 2019	P 1,651,435,400	(P 65,159,830)	P 3,264,862	(P 57,785,452)	P 2,170,733,100	P 3,548,864,966	P 5,719,598,066	P 2,616,721,417	P 9,868,074,463
Transactions with owners									
Acquisition of treasury stock	-	(1,663,586)	-	-	-	-	-	-	(1,663,586)
Cash dividends	-	-	-	-	-	(329,540,460)	(329,540,460)	(12,410,175)	(341,950,635)
Non-controlling interest in a new subsidiary	-	-	-	-	-	-	-	171,500,000	171,500,000
	-	(1,663,586)	-	-	-	(329,540,460)	(329,540,460)	159,089,825	(172,114,221)
Appropriations of retained earnings									
Reversal of appropriations during the period	-	-	-	-	(336,000,000)	336,000,000	-	-	-
Appropriations during the period	-	-	-	-	75,000,000	(75,000,000)	-	-	-
Reversal of appropriations during the period	-	-	-	-	(261,000,000)	261,000,000	-	-	-
Total comprehensive income									
Net profit for the period	-	-	-	-	-	680,978,943	680,978,943	33,158,054	714,136,997
Other comprehensive income	-	-	10,342,064	-	-	-	-	-	10,342,064
	-	-	10,342,064	-	-	680,978,943	680,978,943	33,158,054	724,479,061
Balance at February 29, 2020	**P 1,651,435,400**	**(P 66,823,416)**	**P 13,606,926**	**(P 57,785,452)**	**P 1,909,733,100**	**P 4,161,303,449**	**P 6,071,036,549**	**P 2,808,969,296**	**P 10,420,439,303**
Balance at June 1, 2018	P 1,651,435,400	(P 63,265,755)	(P 25,739,204)	(P 57,785,452)	P 2,843,733,100	P 2,513,808,195	P 5,357,541,295	P 2,179,210,844	P 9,041,397,128
Reclassifications	-	-	5,758,492	-	-	(5,758,492)	(5,758,492)	-	-
Transactions with owners									
Issuance of shares of stock	-	-	-	-	-	-	-	260,500,000	260,500,000
Acquisition of treasury stock	-	(2,441,055)	-	-	-	-	-	-	(2,441,055)
Cash dividends	-	-	-	-	-	(263,632,368)	(263,632,368)	(8,323,450)	(271,955,818)
	-	(2,441,055)	-	-	-	(263,632,368)	(263,632,368)	252,176,550	(13,896,873)
Appropriations of retained earnings									
Reversal of appropriations during the period	-	-	-	-	(673,000,000)	673,000,000	-	-	-
Total comprehensive income (loss)									
Net profit for the period	-	-	-	-	-	384,636,921	384,636,921	33,568,225	418,205,146
Other comprehensive income (loss)	-	-	(12,149,096)	-	-	-	-	647,335	(11,501,761)
	-	-	(12,149,096)	-	-	384,636,921	384,636,921	34,215,560	406,703,385
Balance at February 28, 2019	P 1,651,435,400	(P 65,706,810)	(P 32,129,808)	(P 57,785,452)	P 2,170,733,100	P 3,302,054,256	P 5,472,787,356	P 2,465,602,954	P 9,434,203,640

See Notes to Condensed Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Amounts in Philippine Pesos)
(UNAUDITED)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**P 807,803,565**	P 481,390,715
Adjustments for:		
Depreciation and amortization	**323,512,505**	260,061,926
Interest and other finance charges	**83,336,074**	78,099,135
Interest and other investment income	**(74,050,475)**	(85,538,417)
Gain on sale of investment property	**(37,988,903)**	-
Foreign exchange loss - net	**15,258,003**	7,820,747
Operating profit before working capital changes	**1,117,870,769**	741,834,106
Increase in trade and other receivables	**(628,526,828)**	(530,738,199)
Decrease in other assets	**1,318,478**	986,581,692
Increase (decrease) in trade and other payables	**(289,362,908)**	362,463,858
Increase in deferred revenues	**758,891,136**	608,560,918
Increase (decrease) in provisions	**500,000**	(1,245,415)
Increase in post-employment benefit obligation	**3,656,664**	4,554,458
Increase in other non-current liabilities	**812,271**	1,385,017
Cash generated from operations	**965,159,582**	2,173,396,435
Income taxes paid	**(76,176,188)**	(58,655,713)
Net Cash From Operating Activities	**888,983,394**	2,114,740,722
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	**(797,133,866)**	(1,389,862,316)
Proceeds from maturity of investment securities at amortized cost	**170,308,768**	6,931,003
Net acquisition of financial assets at fair value through profit or loss	**(136,953,164)**	-
Net disposal (acquisition) of financial assets at fair value through other comprehensive income	**93,379,780**	(417,136,756)
Interest received	**78,210,090**	85,979,388
Proceeds from disposal of investment property	**67,289,413**	-
Additions to investment properties	**(53,200,528)**	(23,314,560)
Purchase of investment securities at amortized cost	**(41,433,188)**	(90,566,204)
Use (payment) of advances to suppliers and developers	**13,516,417**	(21,111,352)
Net Cash Used in Investing Activities	**(606,016,278)**	(1,849,080,797)
Balance carried forward	**282,967,116**	265,659,925

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	2020	2019
Balance brought forward	**P 282,967,116**	P 265,659,925
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing loans	**1,043,000,000**	-
Repayments of interest-bearing loans	**(849,428,571)**	(336,428,571)
Non-controlling interest investment in new subsidiary	**171,500,000**	-
Dividends paid	**(162,126,605)**	(122,494,270)
Interest paid	**(83,148,857)**	(78,099,135)
Acquisition of treasury shares	**(1,663,586)**	(2,441,055)
Proceeds from issuance of preferred shares to a related party under common management	**-**	260,500,000
Net Cash From (Used in) Financing Activities	**118,132,381**	(278,963,031)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**401,099,497**	(13,303,106)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,520,192,490**	855,331,501
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P 1,921,291,987**	P 842,028,395

See Notes to Condensed Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED SCHEDULE OF AGING OF RECEIVABLES
FEBRUARY 29, 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	Current				
	One to Six Months	**Seven Months to One Year**	**More than One Year**	**Past Due**	**Total**
Non-trade Receivables:					
Advances to Employees - Official and Personal	P 25,400,996	P 809,414	P 4,677,597	P -	P 30,888,007
Advances for SSS Sickness/Maternity Benefits	864,510	3,679	-	-	868,189
Receivable from:					
Nicanor Reyes Educational Foundation	61,775,425	-	-	-	61,775,425
FEU Public Policy Foundation	8,776,609	-	-	-	8,776,609
East Asia Educational Foundation	36,060,574	-	-	-	36,060,574
FEU Health, Welfare and Retirement Fund Plan	1,370,006	-	-	-	1,370,006
Alphaland Corporation	510,000	-	-	-	510,000
MOLDEX Realty, Inc.	100,000	-	-	-	100,000
Others	1,121,148	199,753	1,922,807	-	3,243,708
TOTALS	**P 135,979,268**	**P 1,012,846**	**P 6,600,404**	**P -**	**P 143,592,518**

THE FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 29, 2020
(With Comparative Figures as of May 31, 2019)
(Amounts in Philippine Pesos)
(UNAUDITED)

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. 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.

As at February 29, 2020 and May 31, 2019, the University holds interest in the following subsidiaries which were all incorporated and are operating in the Philippines:

	Percentage of Effective Ownership	
Company Name	**February 29**	May 31
Subsidiaries:		
East Asia Computer Center, Inc. (EACCI)	**100%**	100%
Far Eastern College – Silang, Inc. (FECSI)	**100%**	100%
FEU Alabang, Inc. (FEUAI)	**100%**	100%
FEU High School, Inc. (FEU High)	**100%**	100%
Roosevelt College, Inc. (RCI)	**97.43%**	97.43%
Roosevelt College Educational Enterprises (RCEE)*	**97.43%**	97.43%
Edustria Incorporated (Edustria)	**51%**	-
Fern Realty Corporation (FRC)	**37.52%**	37.52%

**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.

Except as otherwise described, all subsidiaries were established to operate as educational institutions offering basic, secondary, senior high, tertiary and post graduate courses of study. FRC operates as a real estate company leasing most of its investment properties to the University and other related parties. Edustria was incorporated in 2019 in partnership with Technological Institute of the Philippines (TIP) and is yet to start senior high school in August 2020, while RCEE is economically inactive since August 2017.

1.2 Approval for Issuance of Condensed Consolidated Financial Statements

The Condensed Consolidated Financial Statements (CCFS) of the Group for the nine months ended February 29, 2020 (including the comparatives for the nine months ended February 28, 2019) were authorized for issue by the Audit Committee of the BOT on April 6, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these CCFS are summarized below and in the succeeding pages. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of the Condensed Consolidated Financial Statements

(a) Statement of Compliance with Interim Financial Reporting Standards

These CCFS have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS) and should be read in conjunction with the Group's audited consolidated financial statements (ACFS) as of and for the fiscal year ended May 31, 2019.

The CCFS 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) Application of PFRS

The significant accounting policies and methods of computation used in the preparation of these CCFS are consistent with those applied in the ACFS as of and for the fiscal year ended May 31, 2019, except for the effects of applying PFRS 16, *Leases* [see Notes 2.2.(a)(i) and 2.3]

There are new PFRS, annual improvements and interpretations to the existing standards that are effective for periods subsequent to 2020 but were not adopted early for the preparation of the CCFS. The CCFS, therefore, do not reflect the impact of any adoption of these new PFRS, annual improvements and interpretations to existing standards effective for periods subsequent to 2020.

(c) Presentation of the Condensed Consolidated Financial Statements

The presentation of the CCFS is consistent with the most recent ACFS presentation. Regrouping of certain accounts in the comparative prior period presented was made to conform to the current period's presentation so that comparability is not impaired.

The Group presents the consolidated statement of comprehensive income separately from the consolidated statement of profit or loss as management deemed it as a more appropriate presentation of the statements of the Group.

As allowed by PFRS, these subsidiaries follow their respective academic years (i.e., trimestral* and semestral), hence, the use of different reporting dates (non-coterminous year-ends) as compared with that of the University.

March 31	- FEU High, FECSI and FRC
May 31	- RCI and RCEE
June 30*	- EACCI and FEUAI

(d) Functional Currency and Presentation Currency

These CCFS 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 2020 that are Relevant to the Group

The Group adopted the following amendments and annual improvements to PFRS, which are mandatorily effective for the annual periods beginning on or after January 1, 2019:

PFRS 16	:	Leases
PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PAS 28 (Amendments)	:	Investment in Associates and Join Ventures – Long-term Interest in Associates and Joint Venture
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements to PFRS 2015-2017 Cycle		
PFRS 3 (Amendments)	:	Business Combinations
PFRS 11 (Amendments)	:	Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation
PAS 12 (Amendments)	:	Income Taxes – Tax Consequence of Dividends
PAS 23 (Amendments)	:	Borrowing Cost – Eligibility for Capitalization

Further, the Group also adopted for the first time the Republic Act (RA) No. 11232, The Revised Corporation Code (RCC) of the Philippines, which took effect on March 8, 2019.

Discussed as follows are relevant information about these amendments and improvements.

(i) PFRS 16, *Leases*. The new standard has replaced PAS 17, Leases, and its related interpretation IFRIC 4, Determining Whether an Arrangement Contains a Lease. 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 similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized 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.

The management adopted the modified retrospective application of PFRS 16 where the cumulative effect of initially applying the standard is recognized as an adjustment to the opening balance of Retained Earnings account at the date of initial application. The Group elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. The Management assessed that the new standard had no significant impact on the Group’s consolidated financial statements as most significant lease transactions are in between related parties and thus eliminated in the consolidation.

(ii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the SPPI test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI. The Management assessed that the amendments had no significant impact on the Group’s consolidated financial statements.

(iii) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset). The Management assessed that the amendments had no significant impact on the Group's consolidated financial statements.

(iv) PAS 28 (Amendments), *Investment in Associates and Joint Ventures – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long-term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Management assessed that the interpretation had no significant impact on the Group's consolidated financial statements.

(v) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. The Management assessed that the interpretation had no significant impact on the Group's consolidated financial statements.

(vi) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the following amendments are relevant to the Group but had no material impact on its consolidated financial statements as these amendments merely clarify existing requirements:

- PFRS 3 (Amendments), *Business Combinations,* and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation.* The amendments clarify that previously held interest in a joint operation shall be remeasured when the Group obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Group obtains joint control of the business.

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization.* The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

(vii) RA No. 11232, *The Revised Corporation Code of the Philippines*. This legislation repeals the Batas Pambansa Bilang 68, The Corporation Code of the Philippines. Among the provisions of the RCC, the following would impact the Group's consolidated financial statements:

- the RCC removed the 50-year maximum corporate term. Hence, stock corporation may have unlimited life unless otherwise provided in the articles of incorporation; and

- the RCC removed the subscription requirement of 25% of authorized capital stock and paid-up capital requirement of 25% of subscribed capital stock. The management deems further that other amendments and new provisions contained in the RCC are not material to the Group.

(b) Effective Subsequent to Fiscal Year 2019 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2019, 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 CCFS:

(i) PAS 1 (Amendments), *Presentation of Financial Statements*, and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors* (effective January 1, 2020). The amendments refine the definition of 'material' in PAS 1 and align the definitions used across all PFRS and other pronouncements. These are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

(ii) 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 Associate 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 or 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 Leases

The Group accounts for its leases as follows:

Accounting Policy Applicable from June 1, 2019

For the outstanding contracts as of June 1, 2019 and any new contracts entered into on or after June 1, 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At initial date of application, the Group recognizes a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). However, as a practical expedient, PFRS 16 allows the non-recognition of lease prepayments in measuring the cost of right-of-use asset.

The Group depreciates the right-of-use assets on a straight-line basis from the initial application date over the useful life of the right-of-use asset or the term of the lease, whichever is shorter. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the initial application date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including those determined to be fixed in substance), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases (less than 12 months) and leases of low-value assets (value of assets is based on its cash price if bought) using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the lease payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, Right-of-Use Asset account and Lease Liability account (under current and non-current classifications) are not shown as these forms part of eliminated intercompany transactions.

Accounting Policy Applicable before June 1, 2019

(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.

Revenue from operating lease is recognized over the lease term using the straight-line method. This is presented as Rental in the consolidated statement of profit or loss.

3. USE OF ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the ICFS in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

There were no changes in estimates of amounts reported in prior financial periods that have a material effect in the current interim period.

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 overall responsibility for the establishment and oversight of the Group's risk management framework. It has a risk management committee headed by an independent trustee that is responsible for developing and monitoring the Group's policies, which address risk management areas.

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

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

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 cash and cash equivalents, financial assets at FVOCI and investment securities at amortized cost which are denominated in United States (US) dollars.

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

(b) Interest Rate Risk

The Group's interest risk management policy is to minimize interest rate cash flow risk exposures arising from interest-bearing financial instruments which are subject to variable interest rates which includes portion of the cash and cash equivalents, financial assets at FVOCI, short-term investments, long-term investments and interest-bearing loans.

All other financial assets and financial liabilities have fixed interest rates.

The Group manages its interest risk by leveraging the fixed interest rate financial instruments over the floating interest rate financial instruments.

(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 Financial Assets at FVTPL and Financial Assets at FVOCI accounts 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 government and corporate bonds classified as Financial Assets at FVOCI, and investments in UITF classified as Financial Assets at FVTPL, 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 Group's policies, no specific hedging activities are undertaken in relation to these investments, except 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 that the Group would incur if the counterparty fails to perform its contractual obligations. The credit risk for cash and cash equivalents, short-term investments (presented as part of Other Current Assets), financial assets at FVOCI and investment securities at amortized cost is considered negligible, since the counterparties are reputable financial institutions and private companies 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 Group's exposure to credit risk on its receivables related primarily to the inability of the debtors to pay and students to fully settle the unpaid balance of tuition fees and other charges which are owed to the Group based on installment payment schemes. The Group has established controls and procedures to minimize risks of non-collection. Students are not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid. The Group also withholds the academic records and clearance of the students with unpaid balances, thus ensuring that collectability is reasonably assured. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

The Group 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 Group'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 its financial assets, the Group's maximum exposure is equal to the carrying amount of these instruments. Other than the exposure to credit risk on the Group's receivables from students, the risk is minimal as these financial assets and investments are with reputable corporations, financial institutions and/or with related parties.

The Group has no past due but unimpaired financial assets at end of each year.

The Group's management considers that all its financial assets are not impaired and of good credit quality, except those specifically provided with allowance for impairment at the end of the reporting periods.

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.

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.

	February 29, 2020 (Unaudited)		May 31, 2019 (Audited)	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial assets				
At FVOCI –				
Debt and equity securities	**P 623,278,896**	**P 623,278,896**	P 706,696,872	P 706,696,872
At FVTPL –				
Equity securities and UITF	**960,317,230**	**960,317,230**	837,414,512	837,414,512
At amortized cost –				
Debt securities	**648,821,610**	**651,022,919**	787,997,744	787,986,918
Refundable deposits	**21,197,802**	**21,197,802**	9,975,338	9,975,338
Receivables	**1,343,762,467**	**1,343,762,467**	687,572,419	687,572,419
	P 3,597,378,005	**P 3,599,579,314**	P 3,029,656,885	P 3,029,646,059
Financial liabilities				
At amortized cost –				
Interest-bearing loans	**P 2,552,142,858**	**P 2,552,142,858**	P 2,358,571,429	P 2,326,214,523
Derivative liability –				
Cross-currency swaps	**18,935,834**	**18,935,834**	36,720,866	36,720,866
	P 2,571,078,692	**P 2,571,078,692**	P 2,395,292,295	P 2,362,935,389

Except for the financial assets and financial liability presented above and in the preceding page, 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.

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

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:

	Level 1	Level 2	Level 3	Total
February 29, 2020 (Unaudited)				
Financial assets at FVOCI –				
Debt and equity securities	P 620,448,896	P 2,830,000	P -	P 623,278,896
Financial assets at FVTPL –				
Equity securities and UITF	496,059,878	464,257,352	-	960,317,230
Investment securities at amortized cost –				
Debt securities	651,022,919	-	-	651,022,919
	P1,767,531,693	**P 467,087,352**	**P -**	**P 2,234,619,045**
Derivative liability –				
Cross currency swaps	**P -**	**(P 18,935,834)**	**P -**	**(P 18,935,834)**
May 31, 2019 (Audited)				
Financial assets at FVOCI –				
Debt and equity securities	P 703,866,872	P 2,830,000	P -	P 706,696,872
Financial assets at FVTPL –				
Equity securities and UITF	445,378,506	392,036,006	P -	837,414,512
Investment securities at amortized cost –				
Debt securities	787,986,918	-	-	787,986,918
	P1,937,232,296	**P 394,866,006**	**P -**	**P 2,332,098,302**
Derivative liability –				
Cross currency swaps	**P -**	**(P 36,720,866)**	**P -**	**(P 36,720,866)**

There were neither transfers between levels nor changes in levels of classification of instruments in all the periods 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 February 29, 2020 and May 31, 2019, instruments included in Level 1 comprise of listed common and preferred shares which are classified as and designated at financial assets at FVTPL and FVOCI, respectively. 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, the fair value of investments in UITF are classified as Level 2, since fair values are generally measured based on the net asset value of the Group's investment, computed and determined at the end of each reporting period based on the closing market and trade prices of the securities comprising the fund's portfolio. This valuation approach takes into the account the period end performance of the funds including all trades made within the funds and the related income and expenses arising therefrom.

b) Golf Club Shares

The Group's golf club shares 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.

c) 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.

d) 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 February 29, 2020 and May 31, 2019, the fair value of debt securities categorized as investments at amortized cost amounted to P651.0 million and P788.0 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 5.1).

Other than the HTM investments and interest-bearing loans, management determined that due to the short-term duration of the other financial assets and financial liabilities measured at amortized costs of the Group, their fair values as at February 29, 2020 and May 31, 2019 equal or approximate their carrying amounts. Accordingly, the Group did not anymore present a comparison of their fair values with their carrying amounts and correspondingly, 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 Properties

The following tables show the Levels within the hierarchy of non-financial assets measured at fair value as of February 29, 2020 and May 31, 2019.

	Level 1	Level 2	Level 3	Total
Land	P -	P -	P 151,549,095	P 151,549,095
Building and improvements	-	-	53,572,000	53,572,000
	P -	P -	P 205,121,095	P 205,121,095

The fair value of the Group's investment properties, except for certain investment properties 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.

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 3 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, the observable recent prices of the reference properties were 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 included 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 Group 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 February 29, 2020 and May 31, 2019.

The carrying amount of investment properties included in Level 3 is presented in Note 9.

(b) Other Fair Value Information

There were no transfers into or out of Level 3 fair value hierarchy during the periods ended February 29, 2020 and May 31, 2019.

7. SEGMENT INFORMATION

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 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.

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, financial assets at FVTPL, financial assets at FVTPL, investment securities at amortized cost, real estate held-for-sale, investment properties, 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 nine months ended February 29, 2020 and February 28, 2019 (both periods unaudited and amounts in thousands):

	Education		Real Estate – Rental Income		Real Estate – Sale of Properties		Investments		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
REVENUES										
From external customers	**P 2,697,614**	P 2,305,142	**P 37,371**	P 34,068	**P 37,989**	P -	**P 64,063**	P 85,538	**P 2,837,037**	P 2,424,748
Intersegment revenues	**-**	-	**109,316**	116,671	**-**	-	**-**	-	**109,316**	116,671
Total revenues	**2,697,614**	2,305,142	**146,687**	150,739	**37,989**	-	**64,063**	85,538	**2,946,353**	2,541,419
COSTS AND OTHER OPERATING EXPENSES										
Cost of sales and services excluding depreciation	**1,078,199**	1,004,076	**22,670**	19,232	**-**	-	**-**	-	**1,100,869**	1,023,308
Depreciation	**298,322**	236,278	**25,191**	23,784	**-**	-	**-**	-	**323,513**	260,062
Other expenses	**574,609**	617,739	**-**	-	**-**	-	**-**	-	**574,609**	617,739
	1,951,130	1,858,093	**47,861**	43,016	**-**	-	-	**-**	**1,998,991**	1,901,109
SEGMENT OPERATING INCOME	**P 746,484**	P 447,049	**P 98,826**	P 107,723	**P 37,989**	P -	**P 64,063**	P 85,538	**P 947,362**	P 640,310

The following presents the segment assets and liabilities of the Group as of February 29, 2020 (unaudited) and May 31, 2019 (audited; both periods' amounts in thousands):

	Education		Real Estate – Rental Income		Real Estate – Sale of Properties		Investments		Total	
	February 29	May 31	**February 29**	May 31	**February 29**	May 31	**February 29**	May 31	**February 29**	May 31
TOTAL ASSETS AND LIABILITIES										
Segment assets	**P 11,388,858**	P 10,562,338	**P 2,199,517**	P 2,362,362	**P 401,156**	P 178,501	**P 4,035,557**	P 3,422,057	**P 18,025,088**	P 16,525,258
Segment liabilities	**5,767,307**	4,969,175	**66,048**	52,628	**-**	-	**19,704**	36,721	**5,853,059**	5,058,524

The Group's geographical segment for the nine months ended February 29, 2020 and February 28, 2019, and as of February 29, 2020 and May 31, 2019 follows (in thousands).

	Manila	Makati	Cavite and Batangas	Muntinlupa City	Quezon City, Marikina City and Rizal	Total
February 29, 2020 (Unaudited)						
Segment revenues						
From external customers	P 2,387,600	P 47,960	P 76,141	P 179,225	P 146,111	P 2,837,037
Intersegment revenues	100,396	8,920	-	-	-	109,316
Total revenues	2,487,996	56,880	76,141	179,225	146,111	2,946,353
Operating expenses	(1,619,122)	(16,036)	(75,453)	(138,601)	(149,779)	(1,998,991)
Segment operating profit (loss)	**868,874**	**40,844**	**688**	**40,624**	**(3,668)**	**947,362**
Total segment assets	**13,811,111**	**98,651**	**503,421**	**2,035,043**	**1,576,862**	**18,025,088**
Total segment liabilities	**4,760,592**	**59,226**	**49,317**	**292,602**	**691,322**	**5,853,059**
February 28, 2019 (Unaudited)						
Segment revenues						
From external customers	P 2,175,096	P 46,145	P 64,064	P 74,335	P 139,443	P 2,424,748
Intersegment revenues	109,013	7,658	-	-	-	116,671
Total revenues	2,284,109	53,803	64,064	74,335	139,443	2,541,419
Operating expenses	(1,676,975)	(15,404)	(63,174)	(74,057)	(145,556)	(1,901,109)
Segment operating profit (loss)	607,134	38,399	890	278	(6,113)	640,310
May 31, 2019 (Audited)						
Total segment assets	12,781,326	99,614	153,715	2,050,428	1,440,175	16,525,258
Total segment liabilities	3,542,209	59,667	37,749	617,608	801,291	5,058,524

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) for the nine months ended February 29, 2020 and February 28, 2019 and as of February 29, 2020 and May 31, 2019.

	2020 (Unaudited)	2019 (Unaudited)
Revenues		
Total segment revenues	**P 2,946,353**	P 2,541,419
Finance income	**(64,063)**	(85,538)
Other unallocated revenues	**3,859**	1,607
Elimination of intersegment revenues	**(109,316)**	(116,671)
Revenues as reported in condensed consolidated statements of profit or loss	**P 2,776,833**	P 2,340,817
Profit or loss		
Segment operating profit	**P 947,362**	P 640,310
Finance costs	**(98,594)**	(85,920)
Tax expense	**(93,667)**	(63,186)
Other income	**86,618**	45,732
Other unallocated expenses	**(127,582)**	(118,731)
Profit as reported in condensed consolidated statements of profit or loss	**P 714,137**	P 418,205

		February 29 (Unaudited)		May 31 (Audited)
Assets				
Segment assets	**P**	**18,025,088**	P	16,525,258
Goodwill		**186,487**		186,487
Deferred tax assets		**24,390**		25,673
Elimination of intercompany accounts	**(**	**2,742,881)**	(	2,657,460)
Total assets reported in condensed consolidated statements of financial position	**P**	**15,493,084**	P	14,079,958
Liabilities				
Segment liabilities	**P**	**5,853,059**	P	5,058,524
Deferred tax liabilities		**22,685**		22,685
Elimination of intercompany accounts	**(**	**803,099)**	(	869,326)
Total liabilities reported in condensed consolidated statements of financial position	**P**	**5,072,645**	P	4,211,883

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment as of February 29, 2020 and May 31, 2019 are shown below.

		February 29 (Unaudited)		May 31 (Audited)
Cost	**P**	**11,573,598,180**	P	10,776,464,314
Impairment loss	**(**	**2,804,401)**	(	2,804,401)
Accumulated depreciation and amortization	**(**	**2,364,527,119)**	(	2,065,069,689)
Net carrying amount	**P**	**9,206,266,660**	P	8,708,590,224

A reconciliation of the carrying amounts of property and equipment at the beginning and end of nine months ended February 29, 2020 and year ended May 31, 2019 are shown below.

		February 29 (Unaudited)		May 31 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	**P**	**8,708,590,224**	P	7,205,631,433
Additions		**797,133,866**		1,837,055,774
Reclassifications – net		**-**		8,472,230
Disposals		**-**	(	697,589)
Depreciation and amortization charges for the period	**(**	**299,457,430)**	(	341,871,624)
Balance at end of period net of accumulated depreciation and amortization	**P**	**9,206,266,660**	P	8,708,590,224

The Group's construction in progress includes to the costs incurred for the constructions of the school building of FEUAI in Alabang and the new building of the University located at Lerma St., Sampaloc, Manila, which are both substantially complete as of February 29, 2020 and May 31, 2019.

9. INVESTMENT PROPERTIES

The Group's investment property includes a parcel of land, and buildings and improvements and which are held for investment purposes only, either to earn rental income or for capital appreciation or both. The gross carrying amounts and accumulated depreciation and amortization of investment property as of February 29, 2020 and May 31, 2019 are shown below.

		February 29 (Unaudited)		May 31 (Audited)
Cost	**P**	**516,960,135**	P	493,060,117
Accumulated depreciation and amortization	**(**	**362,240,870)**	(	338,185,795)
Net carrying amount	**P**	**154,719,265**	P	154,874,322

A reconciliation of the carrying amounts of investment property at the beginning and end of nine months ended February 29, 2020 and year ended May 31, 2019 is shown below.

		February 29 (Unaudited)		May 31 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	**P**	**154,874,322**	P	150,919,929
Additions		**53,200,528**		30,236,767
Disposals	**(**	**29,300,510)**		-
Reclassifications - net		**-**		3,904,241
Depreciation and amortization charges for the period	**(**	**24,055,075)**	(	29,218,818)
Balance at end of period net of accumulated depreciation and amortization	**P**	**154,719,265**	P	154,874,322

9.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounted to P37.4 million and P34.1 million for the nine months ended February 29, 2020 and February 28, 2019, respectively. The direct operating expenses, which include depreciation and amortization, insurance, and real property taxes incurred by the Group relating to investment properties, 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.

9.2 Fair Values of Investment Properties

Based on the latest appraisal report of an independent appraiser, the total fair value of investment properties amounted to P205.1 million as of February 29, 2020 and May 31, 2019. Information about the fair value measurement and disclosures related to investment properties are presented in Note 6.4.

10. INTEREST-BEARING LOANS

The composition of the Group's outstanding loans are shown below.

	November 30 (Unaudited)	May 31 (Audited)
Current	**P 888,571,429**	P 1,393,571,429
Non-current	**1,663,571,429**	965,000,000
	P 2,552,142,858	P 2,358,571,429

The movement of the Group's outstanding loans are shown below.

	February 29 (Unaudited)	May 31 (Audited)
Balance at beginning of period	**P 2,358,571,429**	P 2,517,142,858
Availments	**1,043,000,000**	270,000,000
Payments	**(849,428,571)**	(428,571,429)
Balance at end of period	**P 2,552,142,858**	P 2,358,571,429

The outstanding principal balance and other relevant details of the Group's outstanding loans are shown as follows:

Outstanding Principal Balance						
February 29 (Unaudited)	**May 31 (Audited)**	**Interest Rate**	**Borrower**	**Security**	**Maturity Date**	**Interest Expense During the Period**
P 495.2	P 609.5	Based interest** plus 0.75% or prevailing rate on special deposit account	FEU*	Unsecured	May 2023	P 21.2
425.0	-	Based interest** plus 0.75% or prevailing rate on special deposit account	FEU*	Unsecured	July 2027	9.9
323.8	421.0	Based interest** plus 0.75% or prevailing rate on special deposit account	FEU*	Unsecured	June 2022	10.8
150.0	-	Based interest** plus 0.75% or prevailing rate on special deposit account	FEU*	Unsecured	July 2027	1.9
120.0	-	Based interest** plus 0.75% or prevailing rate on special deposit account	FEU*	Unsecured	July 2027	0.7
100.0	100.0	5.15% per annum	FEU	Unsecured	March 2020	4.0
100.0	100.0	5.15% per annum	FEU	Unsecured	March 2020	4.1
95.2	123.8	Based interest** plus 0.75% or prevailing rate on special deposit account	FEU*	Unsecured	June 2022	3.2
92.9	114.3	Based interest** plus 0.75% or prevailing rate on special deposit account	FEU*	Unsecured	May 2023	4.0
80.0	80.0	5.15% per annum	FEU	Unsecured	March 2020	3.2
70.0	70.0	5.15% per annum	FEU	Unsecured	March 2020	2.9
50.0	65.0	Based interest** plus 0.75% or prevailing rate on special deposit account	FEU*	Unsecured	June 2022	1.7
50.0	-	5.15% per annum	FEU	Unsecured	March 2020	2.1
-	200.0	3.75% per annum fixed up to maturity	FEU*	Unsecured	July 2019	1.8
-	175.0	3.75% per annum fixed up to maturity	FEU*	Unsecured	July 2019	1.6
-	50.0	3.75% per annum fixed up to maturity	FEU*	Unsecured	July 2019	0.4
300.0	-	Based interest** plus 0.75% or prevailing rate on special deposit account	RCI	Unsecured	July 2027	
100.0	-	Based interest** plus 0.75% or prevailing rate on special deposit account	RCI	Unsecured	July 2027	
-	100.0	4.0% per annum	RCI	Unsecured	August 2019	3.3
-	80.0	4.0% per annum	RCI	Unsecured	August 2019	
-	70.0	4.0% per annum	RCI	Unsecured	August 2019	
P 2,552.1	P 2,358.6					P 76.8

* *Relate to loans with a local commercial bank that are subject to loan covenants starting this current fiscal year, which require the University to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1.*

** *Base interest rate is determined from the Philippine Dealing System Treasury Reference three-month bid yields for Philippine government securities.*

The total interest incurred by the Group on all of these loans are presented as part of Finance Costs in the consolidated statements of profit or loss, while any outstanding interest payable is recognized as part of Trade and Other Payables in the consolidated statements of financial position.

As of February 29, 2020, and May 31, 2019, there are no assets used and/or required as collaterals for the Group's interest-bearing loans and borrowings.

Also, as of February 29, 2020 and May 31, 2019, the Group is in compliance with the requirements and terms related to its borrowings.

11. EQUITY

11.1 Capital Stock

As of February 29, 2020, and May 31, 2019, 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.

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 February 29, 2020, and May 31, 2019, 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 10,980,700 and 10,970,623 listed shares, equivalent to 66.64% and 66.58%, respectively, which are held by related parties as at February 29, 2020 and May 31, 2019, respectively; while there are 5,496,323 and 5,506,400 listed shares, equivalent to 33.36% and 33.42% of the total outstanding shares, respectively, which are owned by the public as at February 29, 2020 and May 31, 2019, respectively.

The closing price of the University's listed shares was P800.5 and P890 as of February 29, 2020 and May 31, 2019.

11.2 Treasury Stock

This account includes the University's common shares held and acquired by FRC in various dates during the periods ended February 29, 2020 and May 31, 2019. The changes in market values of these shares, recognized as fair value gains or losses by FRC, were reclassified to treasury stocks, as presented in the consolidated statements of changes in equity. Accordingly, the Group's treasury stocks amounted to P66.8 million and P65.2 million as at February 29, 2020 and May 31, 2019, 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.

11.3 Retained Earnings

Significant transactions affecting Retained Earnings, which 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 February 29, 2020, and May 31, 2019 the University's Appropriated Retained Earnings consists of appropriations for:

	February 29 (Unaudited)	May 31 (Audited)
Property acquisition and investment	**P 1,448,000,000**	P 1,631,000,000
Contingencies	**180,000,000**	190,000,000
Purchase of equipment and furniture and fixtures	**167,000,000**	92,000,000
Expansion and improvement of facilities	**111,000,000**	164,000,000
Treasury shares	**3,733,100**	3,733,100
General retirement	**-**	90,000,000
	P 1,909,733,100	P 2,170,733,100

The changes in the appropriated retained earnings are shown below.

	February 29 (Unaudited)	May 31 (Audited)
Balance at beginning of period	**P 2,170,733,100**	P 2,843,733,100
Appropriations during the period	**75,000,000**	-
Reversal of appropriations	**(336,000,000)**	(673,000,000)
Net carrying amount	**P 1,909,733,100**	P 2,170,733,100

During the year ended May 31, 2019, the University reversed portion of the appropriations as the purpose for which such appropriations were made had been completed.

During the period ended February 29, 2020, the University made an additional appropriation for purchase of equipment and furniture and fixtures. 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 as the purpose for which such appropriations were made had been completed.

(b) Dividend Declaration

The BOT approved the following dividend declarations during the report periods:

February 29, 2020:

	Declaration	Date of Record	Payment/Issuance	Amount
Cash dividend of P10 per share	February 18, 2020	March 4, 2020	March 18, 2020	164,770,230
Cash dividend of P10 per share	September 10, 2019	September 24, 2019	October 9, 2019	164,770,230
				P 329,540,460
Stock dividend of 46% per share (see Note 16)	September 10, 2019	--	--	P -

May 31, 2019:

	Declaration	Date of Record	Payment/Issuance	Amount
Cash dividend of P8 per share	September 18, 2018	October 2, 2018	October 18, 2018	P 131,405,532
Cash dividend of P8 per share	February 19, 2019	March 6, 2019	March 20, 2019	131,400,412
				P 262,805,944

11.4 Subsidiaries with Material Non-controlling Interest

(a) FRC

The University holds 37.52% interest in FRC as of February 29, 2020 and May 31, 2019. Management considers that the University has de facto control over FRC even though it holds less than 50% of the voting shares of stock of FRC, because it is exposed or has right to variable returns through its power over FRC (see Notes 1.1).

(b) EACCI and FEUAI

Prior to 2017, EACCI issued its newly authorized preferred shares to EAEF, a related party under common management. In 2019, EACCI issued additional authorized preferred shares to Nicanor Reyes Educational Foundation (NREF), a related party under common management. Total cost of preferred shares issued and outstanding amounts to P1.8 billion as of February 29, 2020 and May 31, 2019.

In 2019 and 2018, FEUAI also issued its newly authorized preferred shares to EAEF. Total cost of preferred shares issued and outstanding amounts to P529.0 million as of February 29, 2020 and May 31, 2019.

Both non-controlling interests in EACCI and FEUAI relate to non-voting shares.

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 year ended May 31, 2019, the BOT of EACCI declared cash dividend to all of their stockholders. Accordingly, EAEF received P25.0 million for the declaration in 2019.

(c) Edustria Incorporated

The University holds 51% interest in Edustria Incorporated, a newly incorporated subsidiary jointly owned with TIP, established for the purpose of operating as an educational institution (see Notes 1.1).

12. EARNINGS PER SHARE

EPS amounts for the nine months ended February 29, 2020 and February 28, 2019 were computed as follows:

	2020 (Unaudited)	2019 (Unaudited)
Net income attributable to owners of the parent company	**P 680,978,943**	P 384,636,921
Divided by weighted average number of shares outstanding, net of treasury stock	**16,424,388**	16,425,373
Basic and diluted earnings per share	**P 41.46**	P 23.42

The University has no dilutive potential common shares as of February 29, 2020 and February 28, 2019; hence, the diluted earnings per share is the same as the basic earnings per share in all the periods presented.

13. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

13.1 Capital Commitments – Related to Condominium Units Acquired

As of February 29, 2020, FRC has commitments of about P116.6 million for the condominium units acquired at pre-selling stage that are currently under construction.

13.2 Operating Lease Commitments

(a) Group as Lessor

FRC lease out certain buildings to EAEF and NREF 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, arising from these operating leases are shown below

	February 29 (Unaudited)	May 31 (Audited)
Within one year	**P 12,214,300**	P 23,123,123
After one year by not more than five years	**42,132,977**	42,890,129
More than five years	**1,892,123**	7,568,490
	P 56,239,400	P 73,581,742

(b) Group as Lessee

The Group is a lessee under operating lease agreements covering rentals of event venues, transportation vehicles and small items of equipment used for various students' and employees' activities. Total rentals amounted to P18.9 million for the nine months ended February 29, 2020 and P14.6 million for the year ended May 31, 2019. There are no expected future minimum rental payments beyond one year as these contracts cover short periods only.

13.3 Open Legal Cases

As of May 31, 2019, the University and EACCI both have a pending court case against the local government of City of Manila where it is contesting the imposition of local business tax on the tuition fees collected.

Before December 20, 2019, the University and EACCI availed of a tax amnesty, granted by the City of Manila, and settled the corresponding compromise amount. Accordingly, the University and EACCI have been released and discharged from all deficiency tax assessments until the taxable year 2019.

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 February 29, 2020, no final decision has been rendered by the courts in the above-mentioned cases; hence, no provision for contingencies is recognized.

13.4 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.

14. 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 debt divided by total equity. Capital for the reporting periods ended February 29, 2020 and May 31, 2019, under review is summarized as follows:

	February 29 (Unaudited)	May 31 (Audited)
Total liabilities	**P 5,072,644,541**	P 4,211,883,371
Total equity attributable to owners of the parent company (excluding treasury shares and reserves)	**7,722,471,949**	7,371,033,466
Debt-to-equity ratio	**0.66 : 1.00**	0.57 : 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, which requires the University to maintain a debt-to-equity structure ratio of not more than 2.00 : 1.00 and debt service coverage ratio of at least 1.2x.

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 periods presented.

15. SEASONAL FLUCTUATIONS

Tuition fee revenue is subject to seasonal fluctuations. Revenue for a particular Academic Year (AY) started to be earned only in August, based on a new academic calendar.

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

The first semester has the highest number of students enrolled. The second semester enrollment is approximately 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 the 21 to 24 units during the first and second semesters.

For EACCI (FEU Tech) and FEUAI (FEU Alabang), there are three regular terms in a fiscal year: First Term (August to November), Second Term (December to March) and Third Term (April to June).

The tuition fee increase, if any, usually takes effect during the first semester of a particular Academic Year (AY). 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.

Tuition revenue for the nine months ended February 29, 2020 accounts for only 81.4% as compared to the annual tuition revenue recognized for the fiscal year ended May 31, 2019.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

On March 19, 2020, the SEC approved the University's increase of its authorized capital stock (ACS) and the corresponding amendment to its Articles of Incorporation. The said amendment was approved by the BOT on September 10, 2019, and likewise approved by the stockholders at the Annual Stockholders' Meeting held on October 19, 2019.

The SEC approval on the record date of stock dividend declaration related to the approved increased in ACS is still pending as of report date.