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 28, 2021
2. SEC Identification Number
   PW538
3. BIR Tax Identification No.
   000-225-442
4. Exact name of issuer as specified in its charter
   FAR EASTERN UNIVERSITY, INC.
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
   02-8735-8686
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	24,055,763

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

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

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 28, 2021
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Feb 28, 2021	May 31, 2020
Current Assets	5,485,948,157	4,531,846,290
Total Assets	15,988,824,564	15,186,605,752
Current Liabilities	3,122,999,507	2,913,577,744
Total Liabilities	5,031,739,599	4,768,769,349
Retained Earnings/(Deficit)	5,754,069,532	5,256,554,284
Stockholders' Equity	10,957,084,965	10,417,836,403
Stockholders' Equity - Parent	8,041,994,683	7,556,481,871
Book Value per Share	335.42	315.18

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	905,085,149	988,770,621	2,443,503,279	2,776,832,649
Gross Expense	671,951,370	737,316,311	1,767,426,362	2,021,112,439
Non-Operating Income	61,462,171	13,525,897	196,044,101	150,681,580

Non-Operating Expense	9,290,985	30,026,106	75,265,031	98,598,225
Income/(Loss) Before Tax	285,304,965	234,954,101	796,855,987	807,803,565
Income Tax Expense	36,078,258	48,908,582	93,705,565	93,666,568
Net Income/(Loss) After Tax	249,226,707	186,045,519	703,150,422	714,136,997
Net Income Attributable to Parent Equity Holder	248,880,073	187,022,109	689,414,672	680,978,943
Earnings/(Loss) Per Share (Basic)	10.38	7.8	28.75	28.4
Earnings/(Loss) Per Share (Diluted)	10.38	7.8	28.75	28.4

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	26.27	43.78
Earnings/(Loss) Per Share (Diluted)	26.27	43.78

Other Relevant Information
Please see attached FEU Quarterly Report, for 3rd quarter ending 28 February 2021.

COVER SHEET

PW00000538

S.E.C. Registration Number

FAR EASTERN UNIVERSITY

(Company's Full Name)

NICANOR REYES STREET

SAMPALOC, MANILA

(Bussiness Address : No. Street City / Town / Province)

Atty. Anthony Raymond A. Goqingco

Contact Person

8 735-8686

Company Telephone Number

05 Month **31** Day

Calandar year

SEC Form 17-Q

Quarterly Report - February 28, 2021

FORM TYPE

10 Month 17 Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended articles Number/Section

Total Number of Barrowings

1,512

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personel concerned

File Number

LCU

Dicument I. D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

FAR EASTERN UNIVERSITY

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Sampaloc, Manila
P.O. Box 609 Philippines 1015
(+632) 87777-FEU (338)
(+632) 8849-4000

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 28, 2021**
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, Inc.**
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	**24,055,763**
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

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

GLENN Z. NAGAL
Comptroller

PAMELA M. HERNANDEZ
Chief Accountant

Manila
14 April 2021

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 ongoing worldwide pandemic caused by the outbreak of the new corona virus disease (COVID-19), FEU, as a community, is in solidarity with the nation in its call for adherence to the health protocols required by the Philippine Government such as avoidance of group gatherings and public assemblies, limiting face-to-face meetings, social distancing, disinfection of facilities, temperature checks and contact tracing mechanisms in the work place, and health status monitoring of its employees and students, among others. Face-to-face classroom instruction remains suspended, however, with FEU's strategic implementation of its learning management system since three school years (SY) ago, coupled with its current technological resources and capability to deliver online lessons, adverse impact to its students' learning journey has been minimized and managed.

Third quarter results in 2021 was slightly lower as compared with previous year's comparative quarter. Yields from non-core operations improved, yet, core operations suffered primarily due to lower enrolment and tuition fee discounts for online classes. All were a result of the measures that were undertaken in view of the COVID-19 pandemic and the ensuing economic hardship of students.

Consolidated Financial Position

The consolidated financial position of Far Eastern University, Incorporated and subsidiaries (the Group) remains firm as of February 28, 2021, the end of the nine-month period of the fiscal year (FY), which covers the midyear (summer) term of SY 2019-2020, first semester and portion of the second semester of SY 2020-2021.

Consolidated total assets of the Group grew by P802.22 million to P15,988.82 million as of the report date. Current assets increased by P954.10 million, while partially offset by the decrease in non-current assets amounting to P151.88 million.

Majority of asset growth is attributed to Trade and other receivables, which pertain mostly to receivable from second semester enrollments of students for SY 2020-2021, and additional investments in financial assets classified under fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI).

Consolidated total liabilities was at P5,031.74 million, higher by P262.97 million compared to its May 31, 2020 balance. Current and non-current liabilities both increased, by P209.42 million and P53.55 million, respectively. The increase in total liabilities is driven by the expected hike of Deferred revenues pertaining to unearned tuition and other school fees for the second semester of SY 2020-2021.

The Group's consolidated total equity as of February 28, 2021 improved to P10,957.08 million, an increase by P539.25 million compared to the current period's beginning balance of P10,417.84 million, mainly on account of the net income earned for the first three quarters of the current FY.

Consolidated Results of Operation

The Group's result of operations for the nine months ended February 28, 2021 was steady with a net income of P703.15 million, slightly lower compared to the net income of P714.14 million earned during the same period last FY.

The results from core operations showed a decline as the Operating income during the period registered earnings of P676.08 million, a decrease compared to that of the same period last FY, which accounted for an Operating income of P755.72 million.

Total revenues was down by 11%, mainly due to the drop in educational revenues resulting from decrease in enrollment during the midyear term, and first and second semesters. Moreover, tuition fee charges were discounted as all classes were conducted using online mode, as compared to the regular tuition fees for the traditional classroom instruction.

Also, during the same period last year, Fern Realty Corporation (FRC) booked a P38.0 million one-off gain from sale of its real estate.

Operating expenses was reduced by 13% resulting from the decline in the amounts incurred for Salaries and employee benefits, Utilities and communication, Outside services and Supplies and material expenses. This resulted from the suspension of face-to-face classes and limited on-site work during the period. Moreover, Taxes and licenses expense recognized during the period was lower compared to the same period last FY, as last year's amount included the full payment of local business taxes in arrears; no additional liability existed during the current period, as all business taxes in arrears as of end of 2018 were already settled through availment of tax amnesty with the City of Manila as of December 6, 2019.

On the non-core operations, Finance income from various investments registered an improvement of 143%, to P155.47 million from last year's only P64.07 million. This is mainly on account of the increase in fair value of investments during the covered period. Finance cost registered a decline of 24% from last year's P98.60 million, on account of reduced interest expenses. Such was partially offset, however, by an increased foreign exchange (forex) loss on US Dollar (USD) denominated financial assets, as the Philippine peso continues to strengthen.

Other comprehensive income mainly pertains to mark-to-market movement of Financial assets at FVOCI and remeasurement of retirement obligation.

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 until year-end, however, it anticipates certain drop in revenues and net income, while managing expenses to remain flat if not constrict. For the first semester of SY 2020-2021, total student population was at 39,000-level, lower than last year's 44,000-level, an 11% decline.

With the new corona virus disease (COVID-19) pandemic currently affecting the Philippines and almost all countries around the world, the management recognizes the Group's exposure to the risks in its business environment. Particularly, the schools' inability to hold face-to-face classes and the expected adverse economic impact on the general public's household income are among the significant factors which lead to lower number of enrollments for the SY 2020-2021.

Accordingly, the management has activated business continuity plans, both at the corporate and the academic operational levels, to mitigate the perceived negative impacts on the overall operations.

With this, the Group does not foresee any significant impairment of its financial assets, significant effect on market share and service, nor any breach from its existing loan covenants and other obligations.

As the semestral schools sustained good enrolments as they opened their second semester, and the trimestral school's third trimester opening on the way, the Group is fairly optimistic that operational stability will be sustained for the rest of the FY. Cost optimization continues to be a major strategy, while the economy waits for the easing of restrictions and availability of COVID-19 vaccine by midyear to third quarter of calendar year 2021.

The Group endeavors to achieve constant effective and efficient management of its schools and other entities within the Group, to maintain resiliency and stability of operations. It 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 28, 2021, compared to May 31, 2020
(Amounts in Philippine Peso)

		February 28	May 31	Increase (Decrease)	%
1	Cash and cash equivalents	**P 1,575,188,125**	P 1,798,366,234	(P 233,178,109)	-12%
2	Trade and other receivables – net	**1,395,151,648**	990,599,625	404,552,023	41%
3	Financial assets at FVTPL	**1,460,011,025**	888,517,158	571,493,867	64%
4	Financial assets at FVOCI	**1,089,405,911**	716,456,914	372,948,997	52%
5	Investments at amortized cost	**356,226,287**	530,618,267	(174,391,980)	-33%
6	Property and equipment – net	**9,201,156,355**	9,363,421,490	(162,265,135)	-2%
7	Deferred tax assets – net	**18,489,465**	29,533,238	(11,043,773)	-37%
8	Other current assets – net	**191,196,734**	173,963,347	17,233,387	10%
9	Other non-current assets – net	**204,985,758**	190,915,174	14,070,584	7%
10	Trade and other payables	**1,494,764,345**	1,902,035,050	(407,270,705)	-21%
11	Interest-bearing loans	**2,469,285,715**	2,605,238,096	(135,952,381)	-5%
12	Deferred revenues	**880,174,415**	94,744,453	785,429,962	829%
13	Income tax payable	**41,743,645**	29,528,758	12,214,887	41%

Significant changes in real accounts as of February 28, 2021, compared to May 31, 2020
(Amounts in Philippine Peso)

		February 28	May 31	Increase (Decrease)	%
14	Revaluation reserves	**P 6,106,139**	P 18,041,175	(P 11,935,036)	-66%
15	Retained earnings	**5,754,069,532**	5,256,554,284	497,515,248	9%
16	Non-controlling interest	**2,915,090,282**	2,861,354,532	53,735,750	2%

Causes of material changes in real accounts as of February 28, 2021, compared to May 31, 2020

TOTAL ASSETS

Consolidated total assets of the Group grew by P802.22 million. Significant movements in the accounts were as follows:

1. **Cash and cash equivalents decreased by P233.18 million or 12%**

   This is mainly due to timing of cash outflows resulting from repayment of loans, net acquisition of financial assets at FVTPL and FVOCI, payments of interests, fixed asset acquisitions and dividend payments. These are partially offset by the cash inflows from operating activities, proceeds from additional loans and from maturities of investment securities at amortized cost.

2. **Trade and other receivables increased by P404.55 million or 41%**

   Mainly due to tuition fee receivables from students significantly pertaining to second semester enrollments for SY 2020-2021, considering timing of collection from students to be normally received significantly just days before the midyear term or first semester enrollment which starts after May 2021.

3. **Financial assets at FVTPL increased by P571.49 million or 64%**

   Pertains to net additional investments, mainly in equity securities, made by FEU and East Asia Computer Center, Inc. (EACCI); and due to the positive fair values changes of such securities.

4. **Financial assets at FVOCI increased P372.95 million or 52%**

   This accounts for the net additional investments made by FEU and EACCI.

5. **Investments at amortized cost decreased by P174.39 million or 33%**

   This is due to maturity of various corporate bonds held by FEU.

6. **Property and equipment decreased by P162.27 million or 2%**

   Mainly resulting from the net amount of current period depreciation, partially offset by asset additions.

7. Deferred tax assets – net decreased by P11.04 million or 37%

This is due to the adjustments on temporary differences between taxable income and financial income as of the report date.

8. Other current assets – net increased by P17.23 million or 10%

Mainly due to additions of various prepaid expenses and prepayment of taxes as of the report date.

9. Other non-current assets – net increased by P14.07 million or 7%

Mainly due to additional advances to suppliers and developers as of report date.

TOTAL LIABILITIES

Consolidated total liabilities of the Group increased by P262.97 million. Significant movements in the accounts were as follows:

10. Trade and other payables decreased by P407.27 million or 21%

Decline in balance due to timing of settlement of various trade payables and accrued expenses. As of May 31, 2020, the University made significant accrual of payables for purchases and incurred expenses which are pending payment process; significant portion already paid during the period. Portion of the retention payable balances has also been settled with the respective payees during the period.

11. Interest-bearing loans decreased by P135.95 million or 5%

The outstanding balance of bank loans went down due principal payments made by FEU. Total loan promissory note (PN) settlements amounted to P1,228.81 million, while there were new PNs contracted with a total outstanding amount of P1,092.86 million. This includes currently-maturing PNs which were refinanced with new loans with longer payment terms.

12. Deferred revenue increased by P785.43 million or 829%

Growth in balance pertains to tuition fees collected and billed charges which were not yet earned as of the report date. As of the end of the nine-month report period, portion of the tuition fees were not yet recognized into income since the semester (or term) is still ongoing. As of May 31, 2020, the balance of the account is lower as the deferred revenues pertain only to incoming freshmen students as the enrollment for the midyear term has not yet started.

13. Income tax payable increased by P12.21 million or 41%

The increase is attributable to the tax payable of the entities within the group as of report date accruing on the respective taxable income.

EQUITY

Consolidated total equity of the Group increased by P539.25 million. Significant movements in equity were as follows:

14. Revaluation reserves decreased by P11.94 million or 66%

The decrease is the result of the decline in fair value of investments in financial assets at FVOCI.

15. Retained Earnings increased by P497.52 million or 9%

This is due to the current period net income attributable to the owners of the parent company.

16. NCI increased by P53.74 million or 2%

This is due to the subscription of preferred shares of EACCI, which is accounted as part of NCI, and NCI's share in the current period net income.

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)*

		2021	2020	Increase (Decrease)	%
REVENUE					
1	Educational revenues - net	**P 2,430,557,115**	P 2,697,613,737	(P 267,056,622)	-10%
2	Rental	**10,667,055**	37,371,101	(26,704,046)	-72%
3	Other operating income	**2,279,109**	41,847,811	(39,568,702)	-95%
4	Finance income	**155,468,780**	64,063,252	91,405,528	143%
5	Other income – net	**40,575,321**	86,618,328	(46,043,007)	-53%
COST AND EXPENSES					
1	Salaries and employee benefits	**P 850,415,858**	P 1,007,568,682	(P 157,152,824)	-16%
2	Depreciation and amortization	**381,275,406**	323,512,505	57,762,901	18%
3	Impairment loss	**162,869,017**	49,672,145	113,196,872	228%
4	Professional fees	**57,396,070**	72,455,601	(14,059,531)	20%
5	Outside services	**55,114,080**	104,402,967	(49,288,887)	-47%
6	Utilities and communication	**52,167,579**	115,598,406	(63,430,827)	-55%

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)*

			2021		2020		Increase (Decrease)	%
COST AND EXPENSES								
7	License and subscriptions	**P**	**50,363,738**	P	32,693,233	P	17,670,505	54%
8	Taxes and licenses		**33,514,590**		85,268,724	(	51,754,134)	-61%
9	Supplies and materials		**16,148,801**		80,746,307	(	64,597,506)	-80%
10	Transportation and travel		**9,804,079**		20,498,014	(	10,693,935)	-52%
11	Trainings and seminars		**5,910,275**		24,369,111	(	18,458,836)	-76%

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) declined by P10.99 million. Significant movements in profit or loss were as follows:

REVENUE

1. **Educational revenues decreased by P267.06 million or 10%**

   The decline is due to consolidated effect of 11% drop in enrollment and lower or discounted total fees resulting from full online mode of classes during the period.

2. **Rental income decreased by P26.70 million or 72%**

   The decline is caused mainly by the absence of onsite classes and campus operations, particularly on rentals generated from third-party leases and food and beverage concessionaires.

3. **Other operating income decreased by P39.57 million or 95%**

   Last year's amount includes a one-off income recognized by FRC, amounting to P38.0 million, resulting from the sale of its condominium units which were classified as investment properties. No same transaction has occurred during the period.

4. **Finance income increased by P91.41 million or 143%**

   The increase is mainly due to the positive fair value changes on investments in financial assets at FVTPL during the covered period, as compared with declining trend of investments' market performance during the same period last year.

5. Other income – net decreased by P46.04 million or 53%

The decline is due to lesser income generated from bookstore operations and other incidental income resulting from offsite classes or online learning set-up.

COST AND EXPENSES

1. Salaries and employee benefits decreased by P157.15 million or 16%

This is due to the implementation of certain work arrangements resulting from full offsite classes and limited onsite work set-up. Significant contribution to the decrease in the expense is attributable to FEU and EACCI. For FEU, some employees were furloughed or placed on no-work-no-pay, while pay-cuts were implemented for higher management. For EACCI, there were non-renewal of certain contractual employees.

2. Depreciation and amortization increased by P57.76 million or 18%

The increase in depreciation expense is mainly attributable to FEU and FEU Alabang. FEU has started depreciating its new building in Lerma St., Manila as it has been substantially completed and ready for its intended use. For FEU Alabang, during the period between the current year and last year's report date, it reclassified a significant portion of its Construction-in-progress account to Building account, and started depreciating its building which is readily available for use.

3. Impairment loss increased by P113.20 million or 228%

This is due to the additional provisions made in anticipation of the increase in assessed default rate on student receivables.

4. Professional fees decreased by P14.06 million or 20%

Due to reduced amounts incurred for honorarium and in-house retainer's fees.

5. Outside services decreased by P49.29 million or 47%

This is due to the lesser outsourced services contracted for security, janitorial and over-all facilities maintenance work since classes are on-line and most administrative operations are on work-from-home arrangement.

6. Utilities and communication decreased by P63.43 million or 55%

Lesser amount incurred due to the continuous suspension of face-to-face classes/classroom instructions in favor of online classes, and skeleton force on-site work as most of the administrative offices are in work-from-home arrangement.

7. License and support increased by P17.67 million or 54%

This is due to the additional expenses incurred for various computer applications, such as firewalls and anti-virus, and also for the implementation of the Adrenalin HR system.

8. Taxes and licenses decreased by P51.75 million or 61%

The significant expense during the same period last year includes the amount of full payment by FEU and EACCI of its local business tax in arrears which were fully settled as of December 6, 2019.

9. Supplies and materials decreased by P64.60 million or 80%

Less usage of supplies due to on-line mode of classes and mostly work-from-home arrangement for employees.

10. Transportation and travel decreased by P10.69 million or 52%

Less amounts incurred for various items like gas and oil, transport rentals, parking fees, lodging services and others, due to quarantine restrictions and on-line mode of classes and mostly work-from-home arrangement for employees.

11. Trainings and seminars decreased by P18.46 million or 76%

This is due to very few trainings and seminars participated or conducted due to the current quarantine restrictions. Certain seminars and trainings are conducted online and are free of charge.

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 28, 2021	May 31, 2020	February 29, 2020
1.76 : 1	1.56 : 1	1.51 : 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 28, 2021	May 31, 2020	February 29, 2020
1.68 : 1	1.48 : 1	1.44 : 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 in the following page.

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 28, 2021	May 31, 2020	February 29, 2020
46%	46%	49%

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 28, 2021	May 31, 2020	February 29, 2020
31%	31%	33%

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 28, 2021	May 31, 2020	February 29, 2020
69%	69%	67%

III. Test of Asset Utilization and Profitability

Profitability refers to the Group's earning capacity to sustain continuing operations. It also refers to the Group's ability to earn a reasonable amount of residual 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 28, 2021 ***(Nine Months)***	May 31, 2020 *(One Year)*	February 29, 2020 *(Nine Months)*
4%	4%	5%

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 28, 2021 ***(Nine Months)***	May 31, 2020 *(One Year)*	February 29, 2020 *(Nine Months)*
6%	7%	7%

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

February 28, 2021 ***(Six Months)***	May 31, 2020 *(One Year)*	February 29, 2020 *(Nine Months)*
P 28.75	P 25.92	P 28.40

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 = $\frac{\text{Net profit}}{\text{Weighted average outstanding shares}}$

IV. Product/Service Standard

Teaching performance is constantly evaluated to maintain excellent quality of educational service delivery.

The University's high standard of quality is substantiated by numerous recognitions from the Commission on Higher Education (CHED), accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges and Universities (PACUCOA), and other higher education-related local and international groups and organizations.

Moreover, performance of the graduates of the different FEU schools in their respective Professional Licensure Examinations on average is higher than national passing rates.

FEU

- Designated the **Autonomous Status** by the Commission on Higher Education (CHED) on July 25, 2012; latest extended validity is until May 31, 2021

- *Bachelor of Science (BS) in Business Administration* was awarded **Center of Development** by the CHED

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

- One of the only 13 Philippine universities that are members of the **ASEAN University Network – Quality Assurance (AU-QA)**

- Member of the **Association to Advance Collegiate Schools of Business (AACSB)**

- Member of the **International Center of Excellence in Tourism and Hospitality Education (THE-ICE)**

- ITHM's *BS 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

- Identified as among the Top 100 Innovative Universities in the world, the only Philippine university, by **World's Universities with Real Impact (WURI)** released on June 2020

Accreditation of various programs:

- PACUCOA Level IV Status from December 2015 to December 2021
- PACUCOA Level III Re-accredited Status from January 2020 to 2022
- PACUCOA Level II Re-accredited Status from January 2020 to 2025
- PACUCOA Level II Status from May 2018 to 2023
- PAASCU Level III Status from August 2018 until November 2021

Other recognitions and certifications:

- Awarded “One Golden Arrowhead Recognition” by the **Institute of Corporate Directors** in recognition of being a top-performing publicly-listed company in the Philippines under the **2019 ASEAN Corporate Governance Scorecard**

- Selected as a benchmark for best practices in the management of student formation programs in the country by the **Philippine Association of Practitioners of Student Affairs and Services (PAPSAS)** during a benchmarking session of a specialist certificate course on student affairs and services. PAPSAS is the country’s largest national professional organization of student affairs practitioners.

- Among the recipient of the **Asia Pacific Entrepreneurship Awards 2019 Philippines** for Education and Training Industry

- Recipient of six awards in the **18th Philippine Quill Awards** by the **International Association of Business Communicators (IABC)**, including two awards of Excellence in the categories of Communication Skills and Customer Relations. The Philippine Quill is the country’s most prestigious awards program in the field of business communication

- Recommended for **ISO 9001:2015 Re-certification**

<u>FEU Institute of Technology</u> ***(operated by EACCI)***

FEU Tech offers innovative academic programs that are complemented by strong industry and academic partnerships, which provide students additional opportunities for immersive learning experiences. Students receive real-world training and work experience from an intense and well-designed internship program with industry partners – a network of some 800 technology and engineering corporations nationwide.

Certain engineering programs are granted Level II Re-accreditation from PAASCU.

The *BS in Mechanical Engineering*, *BS in Electronics Engineering*, *BS in Electrical Engineering*, *BS in Computer Engineering* and *BS in Civil Engineering* programs are also accredited by the **Philippine Technological Council – Accreditation and Certification Board for Engineering and Technology (PTC-ACBET)**.

<u>FEU Cavite</u> ***(operated by Far Eastern College – Silang, Inc.)***

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.

Recently, FEU Cavite's Basic Education and Senior High School Departments merited ***"highly evident marks"*** during the Monitoring and Onsite Validation of Alternative Delivery Modes of Learning Implementation conducted by the officials of the Department of Education (Division of Cavite and District of Silang). This validates FEU Cavite's readiness and commitment to deliver quality education even on remote learning modality.

As a testament in terms of providing the best facilities and learning environment, the FEU Silang Basic Education Building, designed by Archion Architects, was among the nominees for the People's Choice Award at the Haligi ng Dangal Awards 2020 (Citation of Merit in Architecture and the Allied Arts).

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

FEU Senior High School was established as a subsidiary of FEU in 2013, in response to RA 10533, the "Enhanced Basic Education Act of 2013," which extended the Philippine basic education program to 13 years, adding Grades 11 and 12 to the secondary education level.

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 occupies a portion of the iconic, well-maintained, clean and green FEU Manila Campus.

FEU Roosevelt ***(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 is presently engaged in the operation of educational institutions offering elementary, secondary, collegiate, and post-graduate studies to help and assist the Filipino youth in acquiring high academic standards of instruction, cultural, or otherwise following up-to-date and modern methods and practices of educational institutions in the Philippines and abroad.

RCI became a member of the FEU group of schools in May 2016 when FEU purchased a majority of the outstanding capital stock of RCI and gained management control of all its existing campuses as well as affiliated companies. Significantly contributing to the expansion of the FEU group's geographic and demographic footprint and the growth of its basic education program, RCI is expected to carry forward FEU's mark of offering quality educational programs and facilities while improving its accessibility to more Filipino families.

During the annual stockholders' meeting in November 2019, the stockholders ratified the proposal of the RCI board of trustees for the corporation to do business under the name and style FEU Roosevelt (FEUR).

<u>FEU Alabang</u> ***(operated by FEU Alabang, Inc.)***

Founded on January 2013, FEU Alabang, Inc., carries FEU'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.

During the year, for its work on the FEU Alabang Campus, Casas + Architects, Inc. earned the Asia Pacific Property Award 5 Stars for Public Architecture.

Set to become one of the pioneering academic institutions in the area, FEU Alabang is authorized to offer programs in Senior High School, Engineering, Information Technology and Computer Studies, and Multimedia Arts.

<u>Edustria Senior High School</u> ***(operated by Edustria, Incorporated)***

Edustria was established by the University in partnership with the Technological Institute of the Philippines. Short for "Education for Industry", Edustria rightly describes its primary purpose which is to deliver education that is relevant to industry needs.

Strategically located in the Lima Technology Center at Lipa City, Batangas, where there are more than 100 manufacturing companies from various industries, Edustria aims to partner with key firms in the techno park to ensure that its students are taught the necessary knowledge, skills, and values for success.

It offers Junior High School programs (Grade 7) and Senior High School academic track in three strands: STEM, ABM and GAS. It welcomed its first batch of students starting SY 2020-2021.

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)
2016 - 2017	36,839	-
2017 - 2018	36,688	-0.41%
2018 - 2019	40,713	10.97%
2019 - 2020	44,069	8.24%
2020 - 2021	39,361	-10.68%

The still substantial enrollment, despite difficult times coupled with the effects of the K-12 program, and currently the COVID-19 pandemic, is an indication that the FEU Group of Schools remains to be among the better choice 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 with the most recent inclusion of Edustria in the Group.

Other Items

1. The current economic condition remains stable but, certain economic factors, particularly the economic impact of the ongoing pandemic, 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 manage timely settlement of all its commitments with its present reserves and expected earnings.

6. There are no significant elements of losses from continuing operations. The losses in quarter one of FY2020-2021 are heavily driven by timing of revenue recognition, as first semester instruction only started on last week of August, more than the impact of enrollment decline due to the pandemic.

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

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FEBRUARY 28, 2021 AND MAY 31, 2020
(Amounts in Philippine Pesos)

	February 28, 2021 (Unaudited)	May 31, 2020 (Audited)
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	**P 1,575,188,125**	P 1,798,366,234
Trade and other receivables - net	**1,395,151,648**	990,599,625
Financial assets at fair value through profit or loss	**1,460,011,025**	888,517,158
Financial assets at fair value through other comprehensive income	**599,100,695**	329,290,221
Investment securities at amortized cost	**142,419,771**	227,576,146
Real estate held-for-sale	**122,880,159**	123,533,559
Other current assets - net	**191,196,734**	173,963,347
Total Current Assets	**5,485,948,157**	4,531,846,290
NON-CURRENT ASSETS		
Financial assets at fair value through other comprehensive income	**490,305,216**	387,166,693
Investment securities at amortized cost	**213,806,516**	303,042,121
Property and equipment - net	**9,201,156,355**	9,363,421,490
Investment properties - net	**187,646,078**	194,193,727
Goodwill	**186,487,019**	186,487,019
Deferred tax assets - net	**18,489,465**	29,533,238
Other non-current assets	**204,985,758**	190,915,174
Total Non-current Assets	**10,502,876,407**	10,654,759,462
TOTAL ASSETS	**P 15,988,824,564**	P 15,186,605,752

Forward

- 2 -

	February 28, 2021 (Unaudited)	May 31, 2020 (Audited)
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	**P 1,494,764,345**	P 1,902,035,050
Interest-bearing loans	**687,619,048**	868,571,429
Deferred revenues	**880,174,415**	94,744,453
Provisions	**18,698,054**	18,698,054
Income tax payable	**41,743,645**	29,528,758
Total Current Liabilities	**3,122,999,507**	2,913,577,744
NON-CURRENT LIABILITIES		
Lease liabilities	**34,507,453**	34,507,453
Interest-bearing loans	**1,781,666,667**	1,736,666,667
Post-employment benefit obligation	**66,267,618**	61,917,618
Deferred tax liabilities - net	**14,659,400**	14,659,400
Other non-current liabilities	**11,638,954**	7,440,467
Total Non-current Liabilities	**1,908,740,092**	1,855,191,605
Total Liabilities	**5,031,739,599**	4,768,769,349
EQUITY		
Equity attributable to owners of the parent company		
Capital stock	**2,406,799,300**	1,651,435,400
Stock dividends distributable	**-**	755,431,300
Treasury stock - at cost	**(67,194,836)**	(67,194,836)
Revaluation reserves	**6,106,139**	18,041,175
Other reserves	**(57,785,452)**	(57,785,452)
Retained earnings		
Appropriated	**1,304,233,100**	1,909,733,100
Unappropriated	**4,449,836,432**	3,346,821,184
Total equity attributable to owners of parent company	**8,041,994,683**	7,556,481,871
Non-controlling interests	**2,915,090,282**	2,861,354,532
Total Equity	**10,957,084,965**	10,417,836,403
TOTAL LIABILITIES AND EQUITY	**P 15,988,824,564**	P 15,186,605,752

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	For the Quarter		Year-to-Date	
	December 1, 2020 - February 28, 2021	December 1, 2019 - February 29, 2020	**June 1, 2020 - February 28, 2021**	June 1, 2019 - February 29, 2020
REVENUES				
Educational				
Tuition fees - net	**P 879,257,976**	P 946,838,650	**P 2,357,545,065**	P 2,605,769,633
Other school fees	**22,678,483**	24,454,410	**73,012,050**	91,844,104
	901,936,459	971,293,060	**2,430,557,115**	2,697,613,737
Rental	**2,300,602**	15,157,283	**10,667,055**	37,371,101
	904,237,061	986,450,343	**2,441,224,170**	2,734,984,838
OPERATING EXPENSES	**(671,951,370)**	(737,316,311)	**(1,767,426,362)**	(2,021,112,439)
OTHER OPERATING INCOME	**848,088**	2,320,278	**2,279,109**	41,847,811
OPERATING INCOME	**233,133,779**	251,454,310	**676,076,917**	755,720,210
FINANCE INCOME	**42,562,956**	(6,189,392)	**155,468,780**	64,063,252
FINANCE COSTS	**(9,290,985)**	(30,026,106)	**(75,265,031)**	(98,598,225)
OTHER INCOME (CHARGES) - NET	**18,899,215**	19,715,289	**40,575,321**	86,618,328
INCOME BEFORE TAX	**285,304,965**	234,954,101	**796,855,987**	807,803,565
TAX EXPENSE	**(36,078,258)**	(48,908,582)	**(93,705,565)**	(93,666,568)
NET INCOME	**P 249,226,707**	P 186,045,519	**P 703,150,422**	P 714,136,997
Net Income (Loss) Attributable to:				
Owners of the parent company	**P 248,880,073**	P 187,022,109	**P 689,414,672**	P 680,978,943
Non-controlling interests	**346,634**	(976,590)	**13,735,750**	33,158,054
	P 249,226,707	P 186,045,519	**P 703,150,422**	P 714,136,997
Earnings Per Share				
Basic and Diluted	**P 10.38**	P 7.80	**P 28.75**	P 28.40

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	For the Quarter		Year-to-Date	
	December 1, 2020 - February 28, 2021	December 1, 2019 - February 29, 2020	**June 1, 2020 - February 28, 2021**	June 1, 2019 - February 29, 2020
NET INCOME	**P 249,226,707**	P 186,045,519	**P 703,150,422**	P 714,136,997
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	**(6,083,011)**	(542,828)	**(11,385,854)**	10,616,039
Item that will not be reclassified subsequently to profit or loss				
Net fair value gains (losses) on equity securities classified as financial assets at fair value through other comprehensive income	**(2,030,952)**	(4,238,959)	**5,953,506**	(273,975)
Loss on remeasurement of post-employment benefit plan	**(658,537)**	-	**(6,502,688)**	-
	(2,689,489)	(4,238,959)	**(549,182)**	(273,975)
Other Comprehensive Income (Loss)	**(8,772,500)**	(4,781,787)	**(11,935,036)**	10,342,064
TOTAL COMPREHENSIVE INCOME	**P 240,454,207**	P 181,263,732	**P 691,215,386**	P 724,479,061
Total Comprehensive Income (Loss) Attributable to:				
Owners of the parent company	**P 240,107,573**	P 182,240,322	**P 677,479,637**	P 691,321,007
Non-controlling interests	**346,634**	(976,590)	**13,735,749**	33,158,054
	P 240,454,207	P 181,263,732	**P 691,215,386**	P 724,479,061

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company										
						Retained Earnings					
	Capital Stock	Stock Dividends Distributable	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Total	Non-controlling Interests	Total Equity
Balance at June 1, 2020	P 1,651,435,400	P 755,431,300	(P 67,194,836)	P 18,041,175	(P 57,785,452)	P 1,909,733,100	P 3,346,821,184	P 5,256,554,284	P 7,556,481,871	P 2,861,354,532	P 10,417,836,403
Transactions with owners											
Issuance of shares of stock	755,363,900	(755,431,300)	-	-	-	-	-	-	(67,400)	-	(67,400)
Subscription of subsidiary's preferred shares by a related party under common management	-	-	-	-	-	-	-	-	-	40,000,000	40,000,000
Cash dividends	-	-	-	-	-	-	(191,899,424)	(191,899,424)	(191,899,424)	-	(191,899,424)
	755,363,900	(755,431,300)	-	-	-	-	(191,899,424)	(191,899,424)	(191,966,824)	40,000,000	(151,966,824)
Appropriations of retained earnings											
Reversal of appropriations during the period	-	-	-	-	-	(605,500,000)	605,500,000	-	-	-	-
Total comprehensive income (loss)											
Net income for the period	-	-	-	-	-	-	689,414,672	689,414,672	689,414,672	13,735,750	703,150,422
Other comprehensive loss	-	-	-	(11,935,036)	-	-	-	-	(11,935,036)	-	(11,935,036)
	-	-	-	(11,935,036)	-	-	689,414,672	689,414,672	677,479,636	13,735,750	691,215,386
Balance at February 28, 2021	**P 2,406,799,300**	**P -**	**(P 67,194,836)**	**P 6,106,139**	**(P 57,785,452)**	**P 1,304,233,100**	**P 4,449,836,432**	**P 5,754,069,532**	**P 8,041,994,683**	**P 2,915,090,282**	**P 10,957,084,965**
Balance at June 1, 2019	P 1,651,435,400	P -	(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 7,251,353,046	P 2,616,721,417	P 9,868,074,463
Transactions with owners											
Acquisition of treasury stock	-	-	(1,663,586)	-	-	-	-	-	(1,663,586)	-	(1,663,586)
Cash dividends	-	-	-	-	-	-	(329,540,460)	(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)	(331,204,046)	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)	-	-	-	-
	-	-	-	-	-	(261,000,000)	261,000,000	-	-	-	-
Total comprehensive income											
Net income for the period	-	-	-	-	-	-	680,978,943	680,978,943	680,978,943	33,158,054	714,136,997
Other comprehensive income	-	-	-	10,342,064	-	-	-	-	10,342,064	-	10,342,064
	-	-	-	10,342,064	-	-	680,978,943	680,978,943	691,321,007	33,158,054	724,479,061
Balance at February 29, 2020	P 1,651,435,400	P -	(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 7,611,470,007	P 2,808,969,296	P 10,420,439,303

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 796,855,987	P 807,803,565
Adjustments for:		
Depreciation and amortization	381,275,406	323,512,505
Fair value losses (gains) from financial assets at fair value through profit or loss (FVTPL)	(85,602,872)	12,405,613
Impairment loss on receivables	162,869,017	49,672,145
Interest expense and other finance cost	56,373,586	83,340,222
Foreign exchange loss	18,891,445	15,258,003
Other investment income from financial assets at FVTPL and other comprehensive income (FVOCI) - net	(42,026,099)	(26,628,552)
Interest income	(28,087,993)	(45,031,264)
Gain on sale of investment property	-	(37,988,903)
Fair value gain on derivative liability	-	(4,809,049)
Operating income before working capital changes	1,260,548,477	1,177,534,285
Increase in trade and other receivables	(517,078,870)	(678,198,973)
Decrease in real estate held-for-sale	653,400	-
Decrease (increase) in other assets	(31,303,971)	1,318,478
Decrease in trade and other payables	(438,320,502)	(289,367,056)
Increase in deferred revenues	785,429,962	758,891,136
Increase (decrease) in post-employment benefit obligation	(2,152,688)	3,656,664
Increase in provisions	-	500,000
Increase in other non-current liabilities	4,198,487	812,271
Cash generated from operations	1,061,974,295	975,146,805
Income taxes paid	(90,638,491)	(76,176,188)
Net Cash From Operating Activities	971,335,804	898,970,617
CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisitions of financial assets at FVTPL	(499,608,903)	(146,859,571)
Net proceeds from disposal (acquisitions) of financial assets at FVOCI	(379,043,943)	93,379,780
Additions to property and equipment	(194,290,909)	(797,133,866)
Proceeds from maturities of investment securities at amortized cost	169,748,477	170,308,768
Interest received	70,114,092	78,129,274
Additions to investment properties	(18,171,713)	(53,200,528)
Decrease (increase) in advances to suppliers and developers	(10,209,606)	13,516,417
Proceeds from disposal of investment property	-	67,289,413
Acquisitions of investment securities at amortized cost	-	(41,433,188)
Net Cash Used in Investing Activities	(861,462,505)	(616,003,501)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of interest-bearing loans	(1,228,809,524)	(849,428,571)
Proceeds from additional interest-bearing loans	1,092,857,143	1,043,000,000
Dividends paid	(118,394,895)	(162,126,605)
Interest paid	(78,704,132)	(83,148,857)
Non-controlling interest investment in new subsidiary	-	171,500,000
Acquisition of treasury shares	-	(1,663,586)
Net Cash From (Used in) Financing Activities	(333,051,408)	118,132,381
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(223,178,109)	401,099,497
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,798,366,234	1,520,192,490
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 1,575,188,125	P 1,921,291,987

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED SCHEDULE OF AGING OF RECEIVABLES
FEBRUARY 28, 2021
(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 21,808,174	-	-	P -	P 21,808,174
Advances for SSS Sickness/Maternity Benefits	1,457,806	-	-	-	1,457,806
Receivables from:					
Nicanor Reyes Educational Foundation	4,377,543	38,592,706	-	-	42,970,249
East Asia Educational Foundation	-	40,624,732	7,813,287	-	48,438,019
FEU Health, Welfare and Retirement Fund Plan	466,226	-	-	-	466,226
Others	-	120,039,746	-	-	120,039,746
TOTALS	**P 28,109,749**	**P 199,257,184**	**P 7,813,287**	**P -**	**P 235,180,220**

FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2021
(With Comparative Figures as of May 31, 2020)
(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. On October 27, 1983, the University extended its corporate life to another 50 years. It became a listed corporation in the Philippine Stock Exchange (PSE) on July 11, 1986.

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

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

As at February 28, 2021 and May 31, 2020, the University holds interest in the following subsidiaries which were all incorporated and are operating in the Philippines:

Company Name	Percentage of Effective Ownership **February 28**	 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%**	51%
Fern Realty Corporation (FRC)	**38.04%**	38.04%

**Indirectly through the University's ownership of RCI which owns 100% ownership interest in RCEE.*

The parent company and its subsidiaries are collectively referred to herein as the Group.

Except FRC, which is a real estate company leasing most of its investment properties to the University and other related parties, all other directly owned subsidiaries are operating as educational institutions offering basic education, senior high school and/or tertiary and post graduate courses of study. RCEE, prior to the cessation of its operations, was engaged in selling educational school supplies and food items in campuses of RCI.

Edustria started its educational operations during the period, and on August 24 and October 5, 2020, it welcomed its first batch of Grade 11 and 7 students, respectively.

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 28, 2021 (including the comparatives for the nine months ended February 29, 2020) were authorized for issue by the Audit Committee of the Board of Trustees (BOT) on April 13, 2021.

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, 2020.

The CCFS have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense.

(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, 2020.

There are new PFRS, annual improvements and interpretations to the existing standards that are effective for periods subsequent to 2021 but were not early adopted in 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 2021.

(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 in its annual financial statements and it also use this format for this CCFS.

The following subsidiaries prepare their annual financial statements for their respective reporting periods using consistent accounting principles as that of the University:

Subsidiaries:	Reporting Period
FRC	March 31, 2020
FECSI	May 31, 2020
FEU High	May 31, 2020
RCI	May 31, 2020
RCEE	May 31, 2020
Edustria	May 31, 2020
EACCI	June 30, 2020
FEUAI	June 30, 2020

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

(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 CCFS 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 2021 that are Relevant to the Group

The Group adopted the following amendments to PFRS and revisions, which are mandatorily effective for the annual periods beginning on or after January 1, 2020:

PFRS 16 (Amendments)	:	Leases – COVID-19-Related Rent Concessions
PAS 1 (Amendments)	:	Presentation of Financial Statements
PAS 8 (Amendments)	:	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
Revised Conceptual Framework for Financial Reporting		

Discussed below are relevant information about these amendments and revisions, the application of which, unless otherwise noted, had no significant impact to the Group's CCFS:

(i) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions*. The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors.

(ii) PAS 1 (Amendments), *Presentation of Financial* Statements, and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*. The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency.

(iii) Revised Conceptual Framework for Financial Reporting. The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

(b) Effective Subsequent to Fiscal Year 2021 but not Adopted Early

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

Management will adopt the above pronouncement in accordance with their transitional provisions. It is expected to have no significant impact on the Group's CCFS.

3. USE OF ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the CCFS 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 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 dollars (USD).

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored and kept at a reasonable level to needs.

(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 condensed consolidated statements of financial position. These consist of publicly-listed equity securities which are carried at fair value.

The Group manages exposures to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

Except for those that are held for trading, managed by trustee-banks, the investments in listed equity securities 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. The investments are continuously monitored; to ensure that returns of these equity instruments are timely utilized or reinvested, and voting rights arising from these equity instruments are 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, majority of which are 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 or reconsidered through a promissory note. 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 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.

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 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 28, 2021 (Unaudited)		May 31, 2020 (Audited)	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial assets				
At FVOCI –				
Debt and equity securities	**P 1,089,405,911**	**P 1,089,405,911**	P 716,456,914	P716,456,914
At FVTPL –				
Equity securities and UITF	**1,460,011,025**	**1,460,011,025**	888,517,158	888,517,158
At amortized cost –				
Debt securities	**356,226,287**	**358,971,789**	530,618,267	535,734,400
Refundable deposits	**24,529,155**	**24,529,155**	16,235,991	16,235,991
Receivables	**1,371,885,668**	**1,371,885,668**	970,146,864	970,146,864
	P 4,302,058,046	**P 4,304,803,548**	P 3,121,975,194	P 3,127,091,327
Financial liabilities				
At amortized cost –				
Interest-bearing loans	**P 2,469,285,715**	**P 2,469,285,715**	P 2,605,238,096	P 2,555,915,182
Lease liability	**44,591,135**	**44,591,135**	46,572,571	46,572,571
	P 2,513,876,850	**P 2,513,876,850**	P 2,651,810,667	P 2,602,487,753

Except for the financial assets and financial liabilities presented above, cash and cash equivalents, short-term investments, long-term investments, trade and other payables and refundable deposit, 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 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 28, 2021 (Unaudited)				
Financial assets at FVOCI –				
Debt and equity securities	P1,085,774,111	P 3,631,800	P -	P 1,089,405,911
Financial assets at FVTPL –				
Equity securities and UITF	946,364,248	513,646,777	-	1,460,011,025
Investment securities at amortized cost –				
Debt securities	358,971,789	-	-	358,971,789
	P2,391,110,148	**P 517,278,577**	**P -**	**P 2,908,388,725**
May 31, 2020 (Audited)				
Financial assets at FVOCI –				
Debt and equity securities	P 712,825,114	P 3,631,800	P -	P 716,456,914
Financial assets at FVTPL –				
Equity securities and UITF	431,633,214	456,883,944	P -	888,517,158
Investment securities at amortized cost –				
Debt securities	535,734,400	-	-	535,734,400
	P1,680,192,728	**P 460,515,744**	**P -**	**P 2,140,708,472**

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 are determined.

a) Equity Securities

As of February 28, 2021 and May 31, 2020, instruments included in Level 1 comprised of listed common and preferred shares which are classified as and designated at financial assets at FVTPL and FVOCI, respectively. These 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 an active market 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.

(i) Fair values of government securities issued by the Philippine government, are determined based on the reference price per Bloomberg which used BVAL. These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparable.

(ii) For corporate and other quoted debt securities, fair value is determined to be the current mid-price, which is computed as the average of ask and bid prices as appearing on the Corporate Securities Board Summary.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

As of February 28, 2021 and May 31, 2020, the fair value of debt securities categorized as investments at amortized cost amounted to P359.0 million and P535.7 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 5.1).

For interest-bearing loans with more than one year of maturity, its estimated fair value represents the discounted amount of the future cash flows expected to be paid which are discounted at current market rates. The fair values of the Group's interest-bearing loans are classified under Level 3 of the fair value hierarchy.

Other than the investment securities at amortized cost 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 28, 2021 and May 31, 2020 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

As of February 28, 2021 and May 31, 2020, the total estimated fair value of the Group's parcels of land and building and improvements classified as investment property are categorized as Level 3 in the fair value hierarchy.

Building and improvements	**P**	**189,530,407**
Land		**44,498,295**
	P	**234,028,702**

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 28, 2021 and May 31, 2020.

The carrying amount of investment properties included in Level 3 is presented in Note 10.

(b) Other Fair Value Information

There were no transfers into or out of Level 3 fair value hierarchy during the periods ended February 28, 2021 and May 31, 2020.

7. SEGMENT INFORMATION

7.1 Geographic Segments

In identifying its operating segments, management generally follow the Group's two major geographical areas, namely Metro Manila and provincial. These are the basis of the Group in reporting to its strategic steering committee for its strategic decision-making activities.

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 and FVOCI, investment securities at amortized cost, real estate held-for-sale, investment properties, and property and equipment.

Segment assets do not include 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 condensed consolidated statements of financial position, except for deferred tax liabilities.

7.3 Intersegment Transactions

Segment revenues, expenses and performance include revenues and purchases between geographical segments. Such services and purchases are eliminated in consolidation.

7.4 Analysis of Segment Information

The Group's geographical segment, which is based from location of all the Group's school campuses, for the periods ended February 28, 2021 and May 31, 2020 follows (in thousands).

	Metro Manila	Provincial	Total
February 28, 2021 (Unaudited)			
Segment revenues			
From external customers	P 2,423,419	P 175,553	P 2,598,972
Intersegment revenues	138,378	-	138,378
Total revenues	2,561,797	175,553	2,737,350
Operating expenses	(1,548,232)	(207,658)	(1,755,890)
Segment operating profit (loss)	**P 1,013,565**	**(P 32,105)**	**P 981,460**
Total segment assets	**P 18,139,789**	**P 2,926,513**	**P 21,066,302**
Total segment liabilities	**P 6,312,752**	**P 1,202,883**	**P 7,515,635**
February 29, 2020 (Unaudited)			
Segment revenues			
From external customers	P 2,618,644	P 222,252	P 2,840,896
Intersegment revenues	109,316	-	109,316
Total revenues	2,727,960	222,252	2,950,212
Operating expenses	(1,773,759)	(225,232)	(1,998,991)
Segment operating profit (loss)	P 954,201	(P 2,980)	P 951,221
May 31, 2020 (Audited)			
Total segment assets	P 17,425,706	P 2,889,399	P 20,315,105
Total segment liabilities	P 6,203,940	P 1,120,913	P 7,324,853

7.5 Reconciliation

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its CCFS (in thousands).

	2021 (Unaudited)	2020 (Unaudited)
Revenues		
Total segment revenues	**P 2,737,350**	P 2,950,212
Finance income	**(155,469)**	(64,063)
Other operating income	**(2,279)**	**(** 41,848)
Elimination of intersegment revenues	**(138,378)**	(109,316)
Revenues as reported in condensed consolidated statements of profit or loss	**P 2,441,224**	P 2,734,985

		2021 (Unaudited)		2020 (Unaudited)
Profit or loss				
Segment operating profit	**P**	**981,460**	P	951,221
Tax expense	**(**	**93,706)**	(	93,667)
Finance costs	**(**	**75,265)**	(	98,598)
Other income		**40,575**		86,618
Other unallocated expenses	**(**	**149,914)**	(	131,437)
Profit (loss) as reported in condensed consolidated statements of profit or loss	**P**	**703,150**	P	714,137

		February 28 (Unaudited)		May 31 (Audited)
Assets				
Segment assets	**P**	**21,066,302**	P	20,315,105
Goodwill		**186,487**		186,487
Deferred tax assets		**18,489**		29,533
Elimination of intercompany accounts	**(**	**5,282,454)**	(	5,344,519)
Total assets reported in condensed consolidated statements of financial position	**P**	**15,988,825**	P	15,186,606
Liabilities				
Segment liabilities	**P**	**7,515,635**	P	7,324,853
Deferred tax liabilities		**14,659**		14,659
Elimination of intercompany accounts	**(**	**2,498,555)**	(	2,570,743)
Total liabilities reported in condensed consolidated statements of financial position	**P**	**5,031,740**	P	4,768,769

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment as of February 28, 2021 and May 31, 2020 are shown below.

		February 28 (Unaudited)		May 31 (Audited)
Cost	**P**	**12,064,677,982**	P	11,870,387,073
Impairment loss	**(**	**2,804,402)**	(	2,804,402)
Accumulated depreciation and amortization	**(**	**2,860,717,225)**	(	2,504,161,181)
Net carrying amount	**P**	**9,201,156,355**	P	9,363,421,490

A reconciliation of the carrying amounts of property and equipment at the beginning and end of nine months ended February 28, 2021 and year ended May 31, 2020 are shown below.

	February 28 (Unaudited)	May 31 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	**P 9,363,421,490**	P 8,708,590,224
Effect of PFRS 16	-	13,517,469
Additions	**194,290,909**	1,081,026,709
Disposals	**-**	(621,420)
Depreciation and amortization charges for the period	**(356,556,044)**	(439,091,492)
Balance at end of period net of accumulated depreciation and amortization	**P 9,201,156,355**	P 9,363,421,490

Construction in progress amounting to P762.8 million as of February 28, 2021 and P1.1 billion as of May 31, 2020, pertains to the costs incurred for the on-going constructions of the school buildings of Edustria in Batangas, RCI in Rizal, EACCI in Manila, FEUAI in Alabang, and various on-going constructions projects of the University in its Manila campus.

With the adoption of PFRS 16, Right-of-use asset, amounting to P42.1 million, was recognized as part of Property and Equipment in the condensed consolidated statements of financial position.

9. LEASES

The Group has leases for certain university buildings, transportation equipment, and event or activity venues.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an extension of the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over offices, the Group must keep those properties in a good state of maintenance and return the properties in good condition at the end of the lease. Further, the Group must insure the leased assets and incur repairs and maintenance fees on such items in accordance with the lease contracts.

Current portion of lease liabilities are presented in the condensed consolidated statement of financial position as part of Trade and other payables amounting to P10.1 million and P12.1 million as of February 28, 2021 and May 31, 2020, respectively. On the other hand, the non-current portion amounting to P34.5 million is presented separately in the consolidated statement of financial position as of February 28, 2021 and May 31, 2020.

10. 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 28, 2021 and May 31, 2020 are shown below.

	February 28 (Unaudited)	May 31 (Audited)
Cost	**P 465,446,561**	P 447,274,848
Accumulated depreciation and amortization	**(277,800,483)**	(253,081,121)
Net carrying amount	**P 187,646,078**	P 194,193,727

A reconciliation of the carrying amounts of investment property at the beginning and end of nine months ended February 28, 2021 and year ended May 31, 2020 is shown below.

	February 28 (Unaudited)	May 31 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	**P 194,193,727**	P 154,874,322
Additions	**18,171,713**	87,639,288
Disposals	**-**	(15,582,526)
Depreciation and amortization charges for the period	**(24,719,362)**	(32,737,357)
Balance at end of period net of accumulated depreciation and amortization	**P 187,646,078**	P 194,193,727

10.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounted to P10.7 million and P37.4 million for the nine months ended February 28, 2021 and February 29, 2020, 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 condensed consolidated statements of profit or loss.

10.2 Fair Values of Investment Properties

Based on the latest appraisal report of an independent appraiser, the total fair value of investment properties amounted to P234.0 million as of February 28, 2021 and May 31, 2020. Information about the fair value measurement and disclosures related to investment properties are presented in Note 6.4.

11. INTEREST-BEARING LOANS

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

	February 28 (Unaudited)	May 31 (Audited)
Current	P 687,619,048	P 868,571,429
Non-current	1,781,666,667	1,736,666,667
	P 2,469,285,715	P 2,605,238,096

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

	February 28 (Unaudited)	May 31 (Audited)
Balance at beginning of period	P 2,605,238,096	P 2,358,571,429
Availment	1,092,857,143	1,195,000,000
Payments	(1,228,809,524)	(948,333,333)
Balance at end of period	P 2,469,285,715	P 2,605,238,096

The total interest incurred by the Group on all of these loans, amounting to P48.5 million and P76.5 million for the nine months ended February 28, 2021 and February 29, 2020, respectively, are presented as part of Finance Costs in the condensed consolidated statements of profit or loss, while any outstanding interest payable is recognized as part of Trade and Other Payables in the condensed consolidated statements of financial position.

As of February 28, 2021 and May 31, 2020, there are no assets used and/or required as collaterals for the Group's interest-bearing loans and borrowings.

Loans obtained from a local commercial bank are subject to loan covenants effective for the periods ended February 28, 2021 and May 31, 2020, which require the Group to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1. As of February 28, 2021 and May 31, 2020, the Group has complied with its loan covenants.

12. EQUITY

12.1 Capital Stock

The University's authorized capital stock is 50,000,000 shares as of February 28, 2021 and May 31, 2020, of which 24,055,763 and 16,477,023 shares are issued and outstanding, as of February 28, 2021 and May 31, 2020, respectively, and with par value of P100 per share.

On September 10, 2019, the BOT approved the increase of the University's authorized capital stock and in line with said increase, the BOT also declared, a 46% stock dividend amounting to P755.4 million. The stock dividend declaration was accordingly, ratified by the stockholders on October 19, 2019 and thereafter approved by the SEC on March 19, 2020. The approval for the issuance of such dividend shares was granted by the SEC on June 2, 2020, with distribution date set on June 18, 2020.

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 28, 2021 and May 31, 2020, there are 23,975,948 and 16,422,355 listed shares, respectively, excluding treasury shares, but including shares held by the University's related parties. The University has a total of 15,785,273 and 10,803,172 listed shares, equivalent to 65.84% and 65.78%, respectively, which are held by related parties as at February 28, 2021 and May 31, 2020, respectively; while there are 8,190,675 and 5,619,183 listed shares, equivalent to 34.16% and 34.22% of the total outstanding shares, respectively, which are owned by the public as at February 28, 2021 and May 31, 2020, respectively.

The closing price of the University's listed shares was P584 and P830 as of February 28, 2021 and May 31, 2020.

12.2 Treasury Stock

This account includes the University's common shares held and acquired by FRC in various dates during the periods ended February 28, 2021 and May 31, 2020. 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 condensed consolidated statements of changes in equity. Accordingly, the Group's treasury stocks amounted to P67.2 million as at February 28, 2021 and May 31, 2020, 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 periods.

12.3 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 28, 2021 and May 31, 2020 the University's Appropriated Retained Earnings consists of appropriations for:

	February 28 (Unaudited)	May 31 (Audited)
Property acquisition and investment	**P 965,500,000**	P 1,448,000,000
Contingencies	**180,000,000**	180,000,000
Purchase of equipment and furniture and fixtures	**155,000,000**	167,000,000
Expansion and improvement of facilities	**-**	111,000,00
Treasury shares	**3,733,100**	3,733,100
	P 1,304,233,100	P 1,909,733,100

The changes in the appropriated retained earnings are shown below.

	February 28 (Unaudited)	May 31 (Audited)
Balance at beginning of period	P 1,909,733,100	P 2,170,733,100
Reversal of appropriations	(605,000,000)	(336,000,000)
Appropriations during the period	-	75,000,000
Net carrying amount	P 1,304,233,100	P 1,909,733,100

During the period ended February 28, 2021, the University reversed portions of appropriations for property acquisition and investment, purchase of equipment and furniture, and expansion and improvement of facilities, 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 ended:

	Declaration	Date of Record	Payment/Issuance	Amount
February 28, 2021:				
Cash dividend of P5 per share	February 16, 2021	March 3, 2021	March 15, 2021	P 120,278,815
Cash dividend of P3 per share	November 17, 2020	December 3, 2020	December 16, 2020	72,167,289
				P 192,446,104
May 31, 2020:				
Cash dividend of P10 per share	February 18, 2020	March 4, 2020	March 18, 2020	P 164,505,650
Cash dividend of P10 per share	September 10, 2019	September 24, 2019	October 9, 2019	164,505,650
				P 329,011,300
Stock dividend of 46% per share	September 10, 2019	October 19, 2019	June 18, 2020	P 755,431,300

12.4 Subsidiaries with Material Non-controlling Interest

(a) FRC

The University holds 38.04% interest in FRC as of February 28, 2021 and May 31, 2020. 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.

(b) EACCI and FEUAI

Prior to 2017, EACCI issued its newly authorized preferred shares to EAEF, a related party under common management. In 2020 and 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 P1.2 billion as of February 28, 2021 and May 31, 2020.

In 2020, 2019 and 2018, FEUAI also issued its newly authorized preferred shares to EAEF. Total cost of preferred shares issued and outstanding amounts to P728.0 million as of February 28, 2021 and May 31, 2020.

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

(c) Edustria Incorporated

Upon incorporation of Edustria, the Parent Company subscribed to 255.0 million shares of Edustria. The shares acquired represent 51% of the total issued and outstanding shares of Edustria. The NCI of Edustria amounting to P171.5 million is presented part of Non-controlling Interest account in the condensed consolidated statements of financial position.

13. EARNINGS PER SHARE

Earnings per share amounts for the nine months ended February 28, 2021 and February 29, 2020 were computed as follows:

	2021 (Unaudited)	2020 (Unaudited)
Net income attributable to owners of the parent company	**P 689,414,672**	P 680,978,943
Divided by weighted average number of shares outstanding*, net of treasury stock	**23,975,948**	23,977,055
Basic and diluted earnings per share	**P 28.75**	P 28.40

**Restated after giving retrospective effect on the stock dividend declared on September 10, 2019.*

In compliance with the requirement of PAS 33, Earnings per Share, retrospective adjustment to the earliest period presented was made on the University's earnings per share after considering that as if the stock dividends declared on September 10, 2019 occurred at the beginning of fiscal year 2019. This adjustment was made to present comparative information but the amount of weighted average number of shares is not the actual amount and number of shares outstanding as of February 29, 2020.

The University has no dilutive potential common shares as of February 28, 2021 and 2019; the diluted earnings per share is the same as the basic earnings per share in all the periods presented.

14. COMMITMENTS AND CONTINGENCIES

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

14.1 Capital Commitments – Related to Condominium Units Acquired

As of February 28, 2021, FRC has commitments of about P116.6 million for the condominium units acquired at pre-selling stage that are currently under construction.

14.2 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 28 (Unaudited)		May 31 (Audited)
Within one year	**P**	**6,599,348**	P	12,880,020
After one year by not more than five years		**19,755,793**		22,528,952
More than five years		**202,061**		808,245
	P	**26,557,202**	P	36,217,217

14.3 Provisions and other contingencies

As of the February 28, 2021 and May 31, 2020, the University is a defendant in one civil case at a Regional Trial Court and a number of labor cases at different stages of civil proceedings at the National Labor Relations Commission, Court of Appeals and the Supreme Court.

Also, as of May 31, 2020, the University is a defendant in in a local business tax case at the Court of Tax Appeals. In February 2021, however, a Compromise Agreement was executed between the University and the City of Manila which released and discharged the University from all deficiency business taxes, fees and charges for the taxable years 2009 to 2019.

Management considers exposures, if any, on these cases to be not significant and more so have been adequately covered by Provisions in its condensed consolidated statements of financial position. This evaluation has been backed up by external independent legal advice.

These contingencies, that arise in the normal course of business, are not discussed in detail so as not to seriously prejudice the Group's position in the related disputes.

15. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities excluding deferred revenues divided by total adjusted equity (comprised of capital stock, stock dividends distributable and retained earnings) attributable to owners of the parent company. Capital for the reporting periods is summarized below.

	February 28 (Unaudited)	May 31 (Audited)
Total adjusted liabilities	**P 4,151,565,184**	P 4,674,024,896
Total adjusted equity attributable to owners of the parent company	**8,160,868,832**	7,663,420,984
Debt-to-equity ratio	**0.51 : 1.00**	0.61 : 1.00

The Group's goal in capital management is to maintain a lower adjusted liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00:1.00. This is in line with the Group's bank covenants related to its borrowings, which requires the Group to maintain debt-to-equity ratio of not more than 2.00:1.00 and debt service coverage ratio of at least 1.2x.

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio and debt service coverage ratio for all the periods presented

There was no significant change in the Group's approach to capital management during the most recent period presented.

16. SEASONAL FLUCTUATIONS

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

For the University and FECSI (FEU Cavite) and RCI, there are three school terms within a fiscal year: Summer (or Midyear) Term (June to July); First Semester (August to December); and, Second Semester (January to May).

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 increases, if any, usually takes effect during the first semester or term of a particular SY. Thus, old rates are followed during the summer term while new rates are applied during the first and second semesters.

Tuition revenue for the nine months ended February 28, 2021 accounts for 68% as compared to the annual tuition revenue recognized for the fiscal year ended May 31, 2020.