CR06796-2022

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
   Aug 31, 2022
2. SEC Identification Number
   PW538
3. BIR Tax Identification No.
   000225442
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	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

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	Aug 31, 2022
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Aug 31, 2022	May 31, 2022
Current Assets	6,392,190,876	5,261,753,391
Total Assets	17,573,762,980	16,274,584,491
Current Liabilities	3,566,400,717	2,087,061,867
Total Liabilities	5,340,598,557	3,990,738,130
Retained Earnings/(Deficit)	7,008,209,359	7,102,194,928
Stockholders' Equity	12,233,164,423	12,283,846,361
Stockholders' Equity - Parent	9,310,912,820	9,369,189,650
Book Value per Share	388.64	391.07

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	421,984,808	407,688,784	421,984,808	407,688,784

Gross Expense	564,048,038	502,089,039	564,048,038	502,089,039
Non-Operating Income	70,718,875	88,277,595	70,718,875	88,277,595
Non-Operating Expense	8,982,302	15,499,120	8,982,302	15,499,120
Income/(Loss) Before Tax	(80,326,657)	(21,621,780)	(80,326,657)	(21,621,780)
Income Tax Expense	6,064,020	9,524,169	6,064,020	9,524,169
Net Income/(Loss) After Tax	(86,390,677)	(31,145,949)	(86,390,677)	(31,145,949)
Net Income Attributable to Parent Equity Holder	(93,985,569)	(40,354,447)	(93,985,569)	(40,354,447)
Earnings/(Loss) Per Share (Basic)	-3.92	-1.68	-3.92	-1.68
Earnings/(Loss) Per Share (Diluted)	-3.92	-1.68	-3.92	-1.68

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	60.53	44.81
Earnings/(Loss) Per Share (Diluted)	60.53	44.81

Other Relevant Information
Please see attached FEU Quarterly Report, for 1st quarter ending 31 August 2022.

Filed on behalf by:

Name	JENNIFER OTANES
Designation	Section Head

COVER SHEET

P W 0 0 0 0 0 5 3 8

S.E.C. Registration Number

F A R   E A S T E R N   U N I V E R S I T Y

(Company's Full Name)

N I C A N O R   R E Y E S   S T R E E T

S A M P A L O C ,   M A N I L A

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

Atty. Anthony Raymond A. Goqingco

Contact Person

8 735-8686

Company Telephone Number

0 5 Month **3 1** Day

Calandar year

SEC Form 17-Q Quarterly Report
Ending August 31, 2022

FORM TYPE

1 0 Month 1 5 Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended articles Number/Section

1,542

Total No. of Stockholders

Total Number of Barrowings

Domestic

Foreign

To be accomplished by SEC Personel concerned

File Number

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Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

FAR EASTERN UNIVERSITY

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

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

1. For the Quarter period ended **August 31, 2022**

2. SEC Identification Number **538**

3. PSE Code

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

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

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

7. /______________/ (SEC use only)

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱100.00 par value	**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, INCORPORATED

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer and
Chief Risk Officer

GLENN Z. NAGAL
Comptroller and
Compliance Officer

PAMELA M. HERNANDEZ
Chief Accountant and
Budget Director

Manila
13 October 2022

Management's Discussion and Analysis

As an academic institution, the Far Eastern University (FEU, the Group, or the FEU Schools) believes in the relevance of education as a core foundation in nation building and its importance to students who benefit from quality instruction, research, and community integration.

The Group's first quarter results is reflective of the effect of seasonality in the timing of revenue recognition, the scale effect of the shift from last year's full online mode of classes to the current period's face-to-face classes, and the fluctuations in finance income which is considered temporary. The operating cash flows remain robust and earnings are expected to improve in subsequent quarters.

FEU Schools opened its campus to face to face learning for the second semester of school year (SY) 2021 – 2022, specifically on February 14, 2022, one of the first schools to do so and under the guidance of the Commission of Higher Education (CHED) and Department of Health (DOH) Joint Memorandum Circular No. 2021-004. It was a very joyful moment, both for school administration and for the students, to have commenced the path towards normal school operations and activities.

Consolidated Financial Position

As of the August 31, 2022, the Group's consolidated financial position continues to show stability, characterized mainly by the Group's strong liquidity and solvency.

		August 31, 2022	May 31, 2022
Current ratio	Total Current Assets / Total Current Liabilities	1.79 : 1	2.52 : 1
Debt-to-equity ratio	Total Liabilities / Total Stockholders' Equity	44%	32%
Equity-to-asset ratio	Stockholders Equity / Total Assets	70%	75%

Consolidated total assets of the Group went up by P1,299.18 million to P17,573.76 million as of the report date. Current assets increased by P1,130.44 million to P6,392.19 million, and noncurrent assets grew by P168.74 million to P11,181.57 million, as of the report date.

Consolidated total liabilities registered an increase amounting to 1,3497.86 million, to P5,340.60 million. Current liabilities went up by P1,479.34 million, while noncurrent liabilities subsided by P129.48 million.

The build-up in student receivables, resulting from first semester enrollments, provided significantly to the growth in consolidated total assets, while the corresponding first semester deferred tuition revenues spurred the increase in consolidated total liabilities.

The Group's consolidated total equity settled at P12,233.16 million, partially trimmed by P50.68 million from its beginning balance of P12,283.85 million.

Below are top three real accounts with most significant changes as of August 31, 2022, compared to May 31, 2022.

	August 31	May 31	Increase	%
Cash and cash equivalents	**P 2,063,633,622**	P 1,600,121,325	P 463,512,297	29%
Trade and other receivables – net	**1,712,107,919**	897,783,648	814,324,271	91%
Deferred revenues	**1,995,142,473**	73,185,176	1,921,957,297	2626%

Cash and cash equivalents increase pertain mainly to cash inflow from operating activities.

Trade and other receivables grew on account of significant receivables from students arising from enrollments for the first semester.

Deferred revenues represent the assessed tuition fees which will be realized in income upon delivery of instruction for the remaining period of the first semester. As of May 31, 2022, as the previous semester's classes were completed, only the advance payments by incoming freshmen enrollees for the SY 2022-2023 were part of this account balance.

Consolidated Results of Operation

For the quarter ended August 31, 202, the Group incurred a net loss amounting P86.39 million. The results of operations for the first quarter is usually affected by the seasonality of tuition revenue recognition where the first regular semester/term, starts in August, resulting to the Group generating lesser revenues during the first quarter compared to the other quarters of the SY. Also contributing to this is the current period operating expenses under a full face-to-face class set-up, which is higher compared to the expenses incurred during the same period last year under a full online modality.

Below are the profitability indicators for the respective periods.

		August 31, 2022 (Three Months)	**August 31, 2021 (Three Months)**
Return on assets	Net Income / Average Total Assets	-1%	-0.2%
Return on equity	Net Income / Average Total Equity	-1%	-0.3%
Earnings (loss) per share	Net Income (Loss) / Average Outstanding Shares	(P 3.92)	(P 1.68)

Results from core operations during the year declined as the Operating loss widened by 50%, mainly on account of additional expenses incurred as classes for the current SY are on full face-to-face modality, and administrative work is purely onsite.

On the non-core operations, the uncertainties in the financial markets have resulted to a decline in investment income generated from investments in financial assets.

Below are the top profit or loss accounts with significant changes during the three months ended August 31, 2022, and 2021.

		2022		2021		Increase	%
REVENUES							
Educational revenues	**P**	**416,478,715**	P	396,581,055	P	19,897,660	5%
Finance income		**36,613,655**		59,300,812	(	22,687,157)	-38%
EXPENSES							
Salaries and employee benefits		**298,859,042**		282,954,498		15,904,544	6%
Supplies and materials		**18,724,663**		6,788,471		11,936,192	176%
Repairs and maintenance		**15,731,384**		7,427,036		8,304,348	112%

Educational revenues increased mainly due to other school fees earned.

Finance income was reduced because of decline in fair value of investment in financial assets at fair value through profit or loss.

Salaries and employee benefits expense increased mainly due to salary rate adjustments that took effect for the current year. Moreover, certain employees were on furlough and "no work, no pay" arrangement during the same period last year, while administrative work were on full onsite during the current period.

Supplies and materials expense surged resulting from increased usage of supplies as classes and administrative work were on full onsite during the current period.

Repairs and maintenance expense went up as a result of various facilities improvements undertaken during the period in preparation for the return of onsite classes.

A Look at What Lies Ahead

FEU management remains cognizant of the Group's exposure to the risks in its business environment, particularly the inflationary effects of the Russia-Ukraine war, and the aftermath of the COVID-19 pandemic. For the current year, however, the Group expects to maintain its sound financial position and achieve a stabilized operating result.

The Group is positive on the favorable effects on its operations as the country's economic outlook gears towards its growth path in line with the relaxation of business activity and people mobility restrictions, however, the continuous global logistics challenges that causes major commodity prices to rise might curb a faster economic recovery. Nonetheless, the Group believes that it is an opportune time to engage in expansion opportunities – in Good Samaritan Colleges in Nueva Ecija, and JPMC College of Health Sciences in Brunei.

On the academic operations, FEU looks to reshape its health sciences program to respond to new industry and professional demands in the healthcare sector which were realized during the COVID-19 pandemic. Accordingly, it established its newest institute, the Institute of Health Sciences and Nursing (IHSN), to continuously capitalize on its core strengths of Nursing and Medical Technology programs and looks to expand its academic offerings to include Pharmacy, Microbiology, and Rehabilitation Science.

On the health front, the Group remains committed to strict adherence to the minimum health and safety protocols, and to adapting all feasible safeguards as it endeavors to ensure a balance of service delivery to all stakeholders, students, and employees, alike, without compromise to safety.

Management will continue to be prudent in the implementation of its operations, investment, and business continuity plans, both at the corporate and the academic levels, to mitigate any foreseen negative impacts on the overall operations.

<u>Top Five (5) Financial Soundness Indicators/Key Performance Measures</u>

I. Test of Liquidity

The Group's financial position shows capacity to meet obligations maturing currently

II. Test of Solvency

The Group's financial position also presents its ability to pay off its long-term obligations to creditors. Moreover, the Group's assets are still mainly attributable to its shareholders, while maintaining a balanced leverage on creditor-provided financing.

III. Test of Asset Utilization and Profitability

There were no indications that may cast a doubt on the Group's earning capacity or profitability.

IV. Product/Service Standard

Teaching performance is constantly being monitored to maintain superior level of quality at all FEU Schools Moreover, the performance of the graduates of the different FEU Schools in their respective professional licensure examinations continues to deliver results that are above the national passing rates.

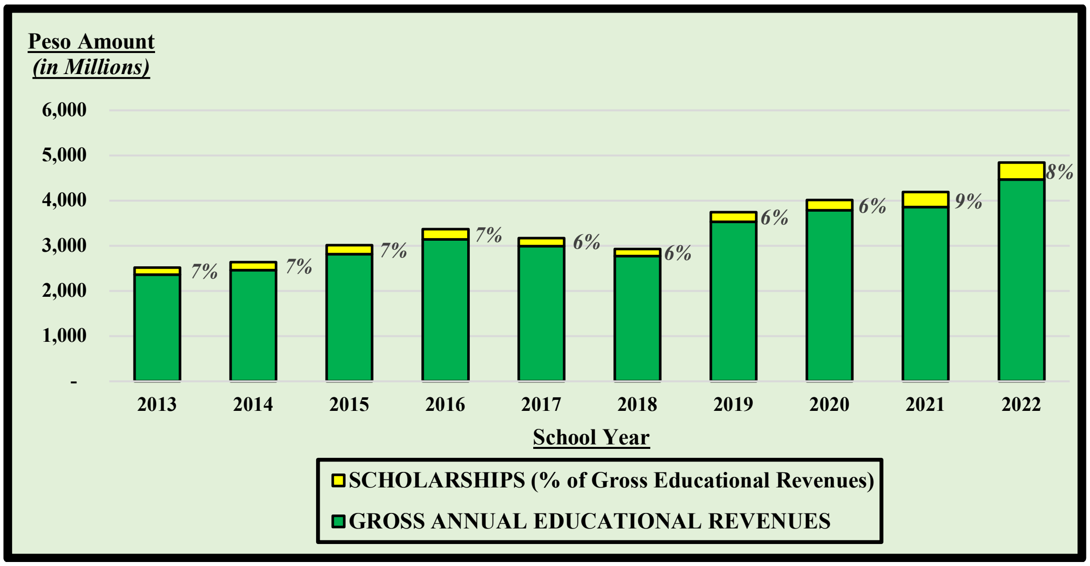
The University's high standard of quality is substantiated by numerous recognitions from the Commission on Higher Education (CHED) and local accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA), and the Philippine Accrediting Association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

Foreign accreditations include those from the ASEAN University Network (AUN), Association to Advance Collegiate Schools of Business (AACSB), and the Asia-Pacific Institute for Events Management (APIEM).

In 2022, FEU (FEU-Manila and FEU Institute of Technology) remains to be recognized as among the Top 100 Innovative Universities in the world by **World's Universities With Real Impact (WURI)**. While in the 19th edition of the Philippine Quill Awards by the International Association of Business Communicators (IABC), FEU received a total of 26 awards, and was the 1st Runner-Up in the School of the Year category.

V. Market Acceptability

Shown below is the Group's Educational Revenues and Scholarships granted to student for the last ten years.



The FEU Group of Schools remains to be a top choice of its target market. The educational revenues earned during the past 10 years show a steady improvement. Despite the challenges of K-12 program (mainly in 2018 where there were no freshmen and sophomore students), and the COVID-19 pandemic (in 2020 to 2022), the revenue stream remains stable due to the unwavering acceptance by the market of the FEU-brand of quality education.

FEU is consistent with its commitment to provide scholarships and financial assistance to its students and is continuously working to even increase the coverage of its student population.

Other Items

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

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

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

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

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

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

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

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31 AND MAY 31, 2022
(Amounts in Philippine Pesos)

	August 31, 2022 (Unaudited)	May 31, 2022 (Audited)
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	P 2,063,633,622	P 1,600,121,325
Trade and other receivables - net	1,712,107,919	897,783,648
Financial assets at fair value through profit or loss	1,829,474,433	1,830,571,990
Financial assets at fair value through other comprehensive income	450,323,469	547,401,071
Investment securities at amortized cost	75,681,121	106,110,590
Other current assets - net	260,970,312	279,764,767
Total Current Assets	6,392,190,876	5,261,753,391
NON-CURRENT ASSETS		
Financial assets at fair value through other comprehensive income	1,357,611,739	1,198,965,979
Investment securities at amortized cost	590,365,782	536,853,247
Property and equipment - net	8,524,987,428	8,605,591,276
Investment properties - net	215,526,202	220,098,346
Goodwill	186,487,019	186,487,019
Deferred tax assets - net	4,113,519	3,921,618
Other non-current assets	302,480,415	260,913,615
Total Non-current Assets	11,181,572,104	11,012,831,100
TOTAL ASSETS	P 17,573,762,980	P 16,274,584,491

Forward

		August 31, 2022 (Unaudited)		May 31, 2022 (Audited)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	P	**1,069,490,400**	P	1,517,457,628
Interest-bearing loans		**473,163,265**		473,163,265
Deferred revenues		**1,995,142,473**		73,185,176
Provisions		**18,647,254**		18,647,254
Income tax payable		**9,957,325**		4,608,544
Total Current Liabilities		**3,566,400,717**		2,087,061,867
NON-CURRENT LIABILITIES				
Lease liabilities		**13,084,637**		13,084,637
Interest-bearing loans		**1,681,938,776**		1,811,598,640
Post-employment benefit obligation		**49,808,248**		49,808,248
Deferred tax liabilities - net		**20,314,780**		20,314,780
Other non-current liabilities		**9,051,399**		8,869,958
Total Non-current Liabilities		**1,774,197,840**		1,903,676,263
Total Liabilities		**5,340,598,557**		3,990,738,130
EQUITY				
Equity attributable to owners of the parent company				
Capital stock		**2,406,799,300**		2,406,799,300
Treasury stock - at cost	(	**76,660,836)**	(	76,660,836)
Revaluation reserves		**30,350,449**	(	5,358,290)
Other reserves	(	**57,785,452)**	(	57,785,452)
Retained earnings				
Appropriated		**1,184,853,389**		1,184,853,389
Unappropriated		**5,823,355,970**		5,917,341,539
Total equity attributable to owners of parent company		**9,310,912,820**		9,369,189,650
Non-controlling interests		**2,922,251,603**		2,914,656,711
Total Equity		**12,233,164,423**		12,283,846,361
TOTAL LIABILITIES AND EQUITY	**P**	**17,573,762,980**	P	16,274,584,491

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	2022	2021
REVENUES		
Educational		
Tuition fees - net	P 377,742,358	P 377,356,301
Other school fees	38,736,357	19,224,754
	416,478,715	396,581,055
Rental	5,471,914	11,063,120
	421,950,629	407,644,175
OPERATING EXPENSES	(564,048,038)	(502,089,039)
OTHER OPERATING INCOME	34,179	44,609
OPERATING LOSS	(142,063,230)	(94,400,255)
FINANCE INCOME	36,613,655	59,300,812
FINANCE COSTS	(8,982,302)	(15,499,120)
OTHER INCOME - NET	34,105,220	28,976,783
LOSS BEFORE TAX	(80,326,657)	(21,621,780)
TAX EXPENSE	(6,064,020)	(9,524,169)
NET LOSS	(P 86,390,677)	(P 31,145,949)
Net Income (Loss) Attributable to:		
Owners of the parent company	(P 93,985,569)	(P 40,354,447)
Non-controlling interests	7,594,892	9,208,498
	(P 86,390,677)	(P 31,145,949)
Loss Per Share		
Basic and Diluted	(P 3.92)	(P 1.68)

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	2022	2021
NET LOSS	**(P 86,390,677)**	(P 31,145,949)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will be reclassified subsequently to profit or loss		
Net fair value gains on debt securities classified as financial assets at fair value through other comprehensive income	**35,185,947**	1,944,736
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	**522,792**	(2,149,294)
Loss on remeasurement of post-employment benefit plan	**-**	(805,738)
	522,792	(2,955,032)
Other Comprehensive Income (Loss)	**35,708,739**	(1,010,296)
TOTAL COMPREHENSIVE LOSS	**(P 50,681,938)**	(P 32,156,245)
Total Comprehensive Income (Loss) Attributable to:		
Owners of the parent company	**(P 58,276,830)**	(P 41,344,036)
Non-controlling interests	**7,594,892**	9,187,791
	(P 50,681,938)	(P 32,156,245)

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable to Owners of the Parent Company								Non-controlling	
					Retained Earnings					
	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Total	Interests	Total Equity
Balance at June 1, 2022	P 2,406,799,300	(P 76,660,836)	(P 5,358,290)	(P 57,785,452)	P 1,184,853,389	P 5,917,341,539	P 7,102,194,928	P 9,369,189,650	P 2,914,656,711	P 12,283,846,361
Total comprehensive income (loss)										
Net income (loss) for the period	-	-	-	-	-	(93,985,569)	(93,985,569)	(93,985,569)	7,594,892	(86,390,677)
Other comprehensive income	-	-	35,708,739	-	-	-	-	35,708,739	-	35,708,739
	-	-	35,708,739	-	-	(93,985,569)	(93,985,569)	(58,276,830)	7,594,892	(50,681,938)
Balance at August 31, 2022	**P 2,406,799,300**	**(P 76,660,836)**	**P 30,350,449**	**(P 57,785,452)**	**P 1,184,853,389**	**P 5,823,355,970**	**P 7,008,209,359**	**P 9,310,912,820**	**P 2,922,251,603**	**P 12,233,164,423**
Balance at June 1, 2021	P 2,406,799,300	(P 67,194,836)	P 42,988,357	(P 57,785,452)	P 844,233,100	P 5,186,533,818	P 6,030,766,918	P 8,355,574,287	P 2,909,558,602	P 11,265,132,889
Transactions with owners										
Acquisition of treasury stock	-	(4,161,000)	-	-	-	-	-	(4,161,000)	-	(4,161,000)
Total comprehensive income (loss)										
Net income (loss) for the period	-	-	-	-	-	(40,354,447)	(40,354,447)	(40,354,447)	9,208,498	(31,145,949)
Other comprehensive loss	-	-	(989,589)	-	-	-	-	(989,589)	(20,707)	(1,010,296)
	-	-	(989,589)	-	-	(40,354,447)	(40,354,447)	(41,344,036)	9,187,791	(32,156,245)
Balance at August 31, 2021	P 2,406,799,300	(P 71,355,836)	P 41,998,768	(P 57,785,452)	P 844,233,100	P 5,146,179,371	P 5,990,412,471	P 8,310,069,251	P 2,918,746,393	P 11,228,815,644

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(P 80,326,657)**	(P 21,621,780)
Adjustments for:		
Depreciation and amortization	**119,333,204**	114,696,373
Unrealized foreign exchange gains - net	**(27,848,029)**	(14,819,679)
Fair value loss (gain) from financial assets at fair value through profit or loss (FVTPL)	**21,924,881**	(21,322,604)
Other investment income from financial assets at FVTPL and other comprehensive income (FVOCI) - net	**(18,601,209)**	(15,937,182)
Interest income	**(12,089,298)**	(7,221,347)
Interest expense and other finance cost	**8,982,302**	15,499,120
Impairment loss on receivables	**2,121,456**	1,676,647
Operating income before working capital changes	**13,496,650**	50,949,548
Increase in trade and other receivables	**(816,364,428)**	(680,442,219)
Decrease (increase) in other assets	**8,547,947**	(12,055,109)
Decrease in trade and other payables	**(386,911,149)**	(91,806,261)
Increase in deferred revenues	**1,921,957,297**	1,512,565,560
Increase in post-employment benefit obligation	**-**	694,262
Increase in other non-current liabilities	**181,441**	1,204,586
Cash generated from operations	**740,907,758**	781,110,367
Income taxes paid	**(3,101,016)**	(1,086,579)
Net Cash From Operating Activities	**737,806,742**	780,023,788
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities at amortized cost	**(68,521,676)**	(27,626,175)
Proceeds from maturities of investment securities at amortized cost	**49,980,833**	14,000,000
Acquisition of property and equipment	**(33,305,149)**	(30,217,407)
Interest received	**30,690,507**	23,158,529
Increase in advances to suppliers and developers	**(29,126,416)**	(1,073,921)
Net acquisition of financial assets at FVOCI	**(25,859,419)**	(47,172,082)
Net disposal (acquisition) of financial assets at FVTPL	**2,397,183**	(82,380,032)
Additions to investment properties	**(852,063)**	(6,270,240)
Proceeds from disposal of property and equipment	**-**	2,463,960
Net Cash Used in Investing Activities	**(74,596,200)**	(155,117,368)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of interest-bearing loans	**(129,659,864)**	(46,904,762)
Dividends paid	**(65,332,724)**	(1,259,585)
Interest paid	**(4,705,657)**	(11,899,189)
Acquisition of treasury shares	**-**	(4,161,000)
Net Cash Used in Financing Activities	**(199,698,245)**	(64,224,536)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**463,512,297**	560,681,884
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,600,121,325**	1,191,146,185
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P 2,063,633,622**	P 1,751,828,069

See Notes to Condensed Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED SCHEDULE OF AGING OF NON-TRADE RECEIVABLES
AUGUST 31, 2022
(Amounts in Philippine Pesos)
(UNAUDITED)

	Current				
	One to Six Months	**Seven Months to One Year**	**More than One Year**	**Past Due**	**Total**
Advances to Employees - Official and Personal	P 16,552,251	P -	P -	P -	P 16,552,251
Advances for SSS Sickness/Maternity Benefits	1,977,066	-	-	-	1,977,066
Accrued interest income	1,721,788	-	-	-	1,721,788
Receivables from:					
FEU Public Policy Center Foundation	-	-	25,152,637	-	25,152,637
Nicanor Reyes Educational Foundation	4,833,159	-	-	-	4,833,159
FEU Health, Welfare and Retirement Fund Plan	1,578,963	-	-	-	1,578,963
Others	35,675,623	-	-	-	35,675,623
TOTALS	**P 62,338,850**	**-**	**P 25,152,637**	**P -**	**P 87,491,487**

FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2022
(With Comparative Figures as of May 31, 2022)
(Amounts in Philippine Pesos)
(UNAUDITED)

1. CORPORATE INFORMATION

The Far Eastern University, Incorporated (the University or FEU or Parent Company) is a 94-year-old Philippine-based proprietary educational institution founded in June 1928 and registered with the Securities and Exchange Commission (SEC) on October 27, 1933 and became a publicly-listed corporation with the Philippine Stock Exchange (PSE) on July 11, 1986.

The University is a nonsectarian institution of learning, embracing equal opportunity, inclusivity and diversity. FEU is comprised of seven institutes as follows, under each, handling distinct courses and programs of study:

- Institute of Arts and Sciences;
- Institute of Accounts, Business and Finance;
- Institute of Education;
- Institute of Architecture and Fine Arts;
- Institute of Heath Sciences and Nursing;
- Institute of Tourism and Hotel Management; and,
- Institute of Law

FEU has been designated the Autonomous Status by the Commission on Higher Education (CHED) on July 25, 2012, with extended validity until May 31, 2023. Among the University's flagship programs are the Teacher Education and Business Administration which are recognized by the CHED as Center of Excellence and Center of Development, respectively.

On top of existing highly accredited programs of local accreditors, ten additional programs received the highest accreditation by the Philippine Association of Colleges and Universities Commission on Accreditation in 2021, while the Nursing program is also accredited by the Philippine Accrediting Association of Schools, Colleges and Universities.

Parallel international certifications by the ASEAN University Network – Quality Assurance were also granted similarly for 12 programs namely Accountancy, Business Administration, Biology, Medical Technology, Psychology, Communication, Elementary and Secondary Education, Architecture, International Studies, Applied Mathematics, and Nursing.

Notable ascent in the World's Universities with Real Impact (WURI) Ranking was observed when FEU placed 74th in the Global Top 100 Innovative Universities in 2022 coming from its 79th and 91st position in 2021 and 2020, respectively. Further, FEU was the 1st university in the Philippines included in the global top 100 in year 2020. Compared to other educational ranking systems, which evaluate quantitative metrics such as the number of journal publications and employment rate of graduates, WURI evaluates universities' flexible and innovative efforts to cultivate contributions to a workforce that meets the demands from industry and society at large.

As at August 31 and May 31, 2022, the University holds interest in the following subsidiaries which were all incorporated and are operating in the Philippines:

	Percentage of Effective Ownership	
Company Name	**August 31**	May 31
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)	**38.18%**	38.18%

**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, 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, junior and 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 several campuses of RCI.

2. BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These Condensed Consolidated Financial Statements (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, 2022.

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

3. CHANGES TO ACCOUNTING POLICIES

3.1 Effective in Fiscal Year 2023 that are Relevant to the Group

There are other amendments and annual improvements to existing standards effective for annual periods beginning on or after January 1, 2022, which are adopted by the Financial Reporting Standards Council. Management will adopt the relevant pronouncements in accordance with their transitional provisions. It is expected to have no significant impact on the Group's CCFS.

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
PFRS 3 (Amendments)	:	Business Combination – Reference to the Conceptual Framework
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 percent' Test for Derecognition of Liabilities
Illustrative Examples Accompanying PFRS 16	:	Leases – Lease Incentives

3.2 Effective Subsequent to Fiscal Year 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to fiscal year 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sales or Contribution of Assets Between Investor and its Associates or Joint Ventures* (effective date deferred indefinitely)

4. USE OF ACCOUNTING JUDGEMENTS 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 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, 2022.

There are new PFRS, annual improvements and interpretations to the existing standards that are effective for periods subsequent to 2023 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 2023.

5.2 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 financial statements for their respective reporting periods using consistent accounting principles as that of the University:

Subsidiaries:	Report Date
FRC	March 31
RCEE	March 31
FECSI	May 31
FEU High	May 31
RCI	May 31
Edustria	May 31
EACCI	June 30
FEUAI	June 30

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.

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.

5.3 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.

Below are how the fair values of the Group's classes of financial assets and financial liabilities are determined:

a) Equity Securities

The fair value of listed common and preferred 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 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 fair value of the Group's golf club shares are derived from market which is not considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

c) Debt Securities

The fair value of the Group's debt securities which consist of government and corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period.

5.4 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 (Board of Trustees) 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. SEGMENT INFORMATION

6.1 Business Segments

The Group is organized into different business units based on separate entities' operational significance and timing of academic operations for purposes of management assessment of each segment. In identifying its operating segments, management generally assesses each FEU schools' contribution to the Group's operations, and groups these entities as FEU Main (being the largest semestral entity), Trimestral Schools and Other Schools (all other schools excluding those on trimestral basis). This is the basis of the Group in its decision-making as reported to its strategic steering committee.

The Group also reports on geographical segments, based on two major geographical areas where FEU schools are located, i.e., NCR and Outside NCR.

6.2 Segment Assets and Liabilities

Segment assets are allocated based on their direct association with a specific segment.

Segment liabilities include all operating liabilities as presented in the consolidated statements of financial position.

6.3 Intersegment Transactions

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

6.4 Analysis of Segment Information

The Group's business segments, analyzed based on operational significance and timing of academic operations, for the three months ended August 31, 2022 and 2021, and as of August 31 and May 31, 2022 is presented in the following page (in thousands).

	FEU Main	Trimestral Schools	Other Schools	Total
August 31, 2022 (Unaudited)				
Segment revenues				
From external customers	P 264,336	P 2,971	P 144,920	P 412,227
Intersegment revenues	11,186	-	-	11,186
Total revenues	275,522	2,971	144,920	423,413
Operating expenses excluding depreciation and amortization, and impairment loss	(304,862)	(66,977)	(98,607)	(470,446)
	(29,340)	(64,006)	46,313	(47,033)
Depreciation and amortization	(58,796)	(35,509)	(22,161)	(116,466)
Impairment loss	-	-	(2,121)	(2,121)
Finance income	23,833	11,362	146	35,341
Finance cost	(6,010)	(1,325)	(3,328)	(10,663)
Other income – net	30,462	257	1,068	31,787
Income (loss) before tax	(39,851)	(89,221)	19,917	(109,155)
Tax expense	(40)	(294)	(357)	(691)
Segment net income (loss)	**(P 39,891)**	**(P 89,515)**	**P 19,560**	**(P 109,846)**
Segment assets	**P 11,184,665**	**P 5,645,154**	**P 4,024,340**	**P 20,854,159**
Segment liabilities	**P 4,831,155**	**P 786,294**	**P 1,987,229**	**P 7,604,678**
August 31, 2021 (Unaudited)				
Segment revenues				
From external customers	P 337,845	P 2,823	P 56,290	P 396,957
Intersegment revenues	19,449	-	-	19,449
Total revenues	357,294	2,823	56,290	416,407
Operating expenses excluding depreciation and amortization, and impairment loss	(284,876)	(57,711)	(79,965)	(422,552)
	72,418	(54,888)	(23,675)	(6,154)
Depreciation and amortization	(56,722)	(37,465)	(17,135)	(111,321)
Impairment loss	-	-	(1,677)	(1,677)
Finance income	50,864	9,932	41	60,837
Finance cost	(9,086)	(1,666)	(4,747)	(15,499)
Other income – net	1,541	1	498	2,040
Income (loss) before tax	59,016	(84,086)	(46,694)	(71,765)
Tax expense	(641)	(436)	(9)	(1,087)
Segment net income (loss)	P 58,375	(P 84,522)	(P 46,704)	(P 72,851)
May 31, 2022 (Audited)				
Segment assets	P 10,379,020	P 5,524,359	P 3,584,296	P 19,487,675
Segment liabilities	P 3,988,897	P 607,870	P 1,553,612	P 6,150,379

The Group's geographical segment, which is based on the location of all the Group's school campuses, for the three months ended August 31, 2022 and 2021, and as of August 31 and May 31, 2022 follows (in thousands):

	NCR	Outside NCR	Total
August 31, 2022 (Unaudited)			
Segment revenues			
From external customers	P 331,818	P 80,409	P 412,227
Intersegment revenues	11,186	-	11,186
Total revenues	343,004	80,409	423,413
Operating expenses excluding depreciation and amortization, and impairment loss	(400,383)	(70,063)	(470,446)
	(57,379)	10,346	(47,033)
Depreciation and amortization	(95,482)	(20,984)	(116,466)
Impairment loss	(1,804)	(317)	(2,121)
Finance income	35,195	146	35,341
Finance cost	(7,335)	(3,328)	(10,663)
Other income – net	30,819	968	31,787
Loss before tax	(95,986)	(13,169)	(109,155)
Tax expense	(677)	(14)	(691)
Segment net loss	**(P 96,663)**	**(P 13,183)**	**(P 109,846)**
Segment assets	**P 17,384,989**	**P 3,469,170**	**P 20,854,159**
Segment liabilities	**P 5,955,890**	**P 1,648,788**	**P 7,604,678**
Augusts 31, 2021 (Unaudited)			
Segment revenues			
From external customers	P 357,712	P 39,245	P 396,957
Intersegment revenues	19,449	-	19,449
Total revenues	377,161	39,245	416,407
Operating expenses excluding depreciation and amortization, and impairment loss	(370,533)	(52,019)	(422,552)
	6,628	(12,773)	(6,145)
Depreciation and amortization	(95,833)	(15,488)	(111,321)
Impairment loss	(795)	(881)	(1,677)
Finance income	60,832	5	60,837
Finance cost	(10,752)	(4,747)	(15,499)
Other income – net	1,542	498	2,040
Loss before tax	(38,378)	(33,387)	(71,765)
Tax expense	(1,077)	(9)	(1,087)
Segment net loss	(P 39,455)	(P 33,397)	(P 72,851)
May 31, 2022 (Audited)			
Segment assets	P 16,235,823	P 3,251,852	P 19,487,675
Segment liabilities	P 4,732,916	P 1,417,464	P 6,150,379

6.5 Reconciliation

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

	2022 (Unaudited)	2021 (Unaudited)
Revenues		
Segment revenues	**P 423,413**	P 416,407
Elimination of intersegment revenues	**(11,186)**	(19,449)
Unallocated corporate revenues	**9,758**	10,731
Revenues as reported in condensed consolidated statements of profit or loss	**P 421,985**	P 407,689
Profit or loss		
Segment net loss	**(P 109,846)**	(P 72,851)
Unallocated corporate income	**18,236**	19,688
Elimination of intersegment transactions	**5,219**	22,018
Net loss as reported in condensed consolidated statements of profit or loss	**(P 86,391)**	(P 31,146)

	August 31 (Unaudited)	May 31 (Audited)
Assets		
Segment assets	**P 20,854,159**	P 19,487,675
Elimination of intercompany accounts	**(5,075,802)**	(4,979,307)
Other unallocated corporate assets	**1,608,919**	1,579,729
Goodwill	**186,487**	186,487
Total assets reported in condensed consolidated statements of financial position	**P 17,573,763**	P 16,274,584
Liabilities		
Segment liabilities	**P 7,604,678**	P 6,150,379
Elimination of intercompany accounts	**(2,353,631)**	(2,238,240)
Unallocated corporate accounts	**89,552**	78,599
Total liabilities reported in condensed consolidated statements of financial position	**P 5,340,599**	P 3,990,738

7. FINANCIAL ASSETS AND LIABILITIES

7.1 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.

	August 31, 2022 (Unaudited)		May 31, 2022 (Audited)	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial assets				
At FVOCI –				
Debt and equity securities	**P 1,807,935,208**	**P 1,807,935,208**	P 1,746,367,050	P 1,746,367,050
At FVTPL –				
Equity securities and UITF	**1,829,474,433**	**1,829,474,433**	1,830,571,990	1,830,571,990
At amortized cost –				
Debt securities	**666,046,903**	**664,484,069**	642,963,837	642,292,373
	P 4,303,456,544	**P 4,301,893,710**	P 4,219,902,877	P 4,219,231,413
Financial liabilities				
At amortized cost –				
Interest-bearing loans	**P 2,155,102,041**	**P 2,133,586,715**	P 2,284,761,905	P 2,192,364,566

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 5.3).

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 12.

7.2 Financial Instruments Measurement at Fair Value

The foregoing tables show the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of:

	Level 1	**Level 2**	**Level 3**	**Total**
August 31, 2022 (Unaudited)				
Financial assets at FVOCI –				
Debt and equity securities	P1,804,835,208	P 3,100,000	P -	P 1,807,935,208
Financial assets at FVTPL –				
Equity securities and UITF	1,021,521,262	807,953,171	-	1,829,474,433
Investment securities at amortized cost –				
Debt securities	644,484,069	-	-	664,484,069
	P3,490,840,538	**P 811,053,171**	**P -**	**P 4,301,893,710**

	Level 1	Level 2	Level 3	Total
May 31, 2021 (Audited)				
Financial assets at FVOCI –				
Debt and equity securities	P1,743,267,050	P 3,100,000	P -	P 1,746,367,050
Financial assets at FVTPL –				
Equity securities and UITF	994,118,153	836,453,837	-	1,830,571,990
Investment securities at amortized cost –				
Debt securities	642,292,373	-	-	642,292,373
	P3,379,677,576	P 839,553,837	P -	P 4,219,231,413

There were neither transfers between levels nor changes in levels of classification of instruments in all the periods presented.

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

As of August 31 and May 31, 2022, the fair value of debt securities categorized as investments at amortized cost amounted to P644.5 million and P642.3 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 7.2).

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 August 31 and May 31, 2022, 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.

8. 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 August 31 and May 31, 2022, are shown below.

	August 31 (Unaudited)	May 31 (Audited)
Cost	**P 543,157,901**	P 542,305,838
Accumulated depreciation and amortization	**(327,631,699)**	(322,207,492)
Net carrying amount	**P 215,526,202**	P 220,098,346

A reconciliation of the carrying amounts of investment property at the beginning and end of three months ended August 31, 2022, and year ended May 31, 2022, is shown below.

		August 31 (Unaudited)		May 31 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	**P**	**220,098,346**	P	277,070,909
Additions		**852,063**		14,122,745
Reclassifications		-	(	34,938,814)
Depreciation and amortization charges for the period	**(**	**5,424,207)**	(	36,156,494)
Balance at end of period net of accumulated depreciation and amortization	**P**	**215,526,202**	P	220,098,346

8.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounted to P5.4 million and P11.1 million for the three months ended August 31, 2022 and 2021, respectively. The direct operating expenses, which include depreciation and amortization, insurance, and real property taxes incurred by the Group relating to investment properties, are presented as part of Depreciation and amortization, Property insurance, and Taxes and licenses, under Costs and Operating Expenses in the consolidated statements of profit or loss.

8.2 Fair Value Measurement of Investment Properties

The fair values (which is at Level 3) of the Group's investment properties presented below are determined on the basis of the latest appraisals performed by an independent appraiser in July 2022 covering the period ended August 31, 2022 and the year ended May 31, 2022.

The valuation process was conducted by the appraiser, with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations, to some extent in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location with an average of 5% to 10% adjustment.

Land	**P**	**553,262,103**
Building and improvements		**211,905,728**
	P	**765,167,831**

There were no known events that may have devalued the properties from its most recent appraisal.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment as of August 31 and May 31, 2022, are shown below.

	August 31 (Unaudited)	May 31 (Audited)
Cost	P 12,191,175,261	P 12,157,870,112
Impairment loss	(2,804,402)	(2,804,402)
Accumulated depreciation and amortization	(3,663,383,431)	(3,549,474,434)
Net carrying amount	P 8,524,987,428	P 8,605,591,276

A reconciliation of the carrying amounts of property and equipment at the beginning and end of three months ended August 31, 2022, and year ended May 31, 2022, are shown below.

	August 31 (Unaudited)	May 31 (Audited)
Balance at beginning of period net of accumulated depreciation and amortization	P 8,605,591,276	P 8,887,089,812
Additions	33,305,149	207,442,131
Disposals	-	(1,014,867)
Reclassifications	-	34,840,769
Depreciation and amortization charges for the period	(113,908,997)	(522,766,569)
Balance at end of period net of accumulated depreciation and amortization	P 8,524,987,428	P 8,605,591,276

Right-of-use asset, amounting to P20.8 million, was recognized as part of Property and Equipment in the consolidated statements of financial position.

10. LEASES

The Group has leases for certain school buildings, transportation equipment, and event venues.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease 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 the 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 repair and return the properties in good condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

Current portion of lease liabilities are presented in the consolidated statement of financial position as part of Trade and other payables amounting to P11.9 million as of August 31 and May 31, 2022. The non-current portion amounting to P13.1 million is presented separately in the consolidated statement of financial position as of August 31, and May 31, 2022.

11. INTEREST-BEARING LOANS

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

	August 31 (Unaudited)	May 31 (Audited)
Current	**P 473,163,265**	P 473,163,265
Non-current	**1,681,938,776**	1,811,598,640
	P 2,155,102,041	P 2,284,761,905

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

	August 31 (Unaudited)	May 31 (Audited)
Balance at beginning of period	**P 2,284,761,905**	P 2,472,380,953
Payments	**(129,659,864)**	(187,619,048)
Balance at end of period	**P 2,155,102,041**	P 2,284,761,905

The total interest incurred by the Group on all of these loans, amounting to P7.7 million and P11.9 million for the three months ended August 31, 2022 and 2021, 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 August 31 and May 31, 2022, 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 August 31 and May 31, 2022, 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 August 31 and May 31, 2022, the Group has complied with its loan covenants.

12. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

12.1 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 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.

12.2 Credit Risk

Credit risk represents the loss that the Group would incur if the counterparty failed 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.

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. Moreover, 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 period.

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.

12.3 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.

13. EQUITY

13.1 Capital Stock

The University's authorized capital stock was 50,000,000 shares as of August 31 and May 31, 2022, of which 24,093,094 were issued and outstanding and with par value of P100 per share.

Below is the ownership structure of the University's outstanding shares as of August 31 and May 31, 2022.

	August 31 (Unaudited)	May 31 (Audited)
Number of shares held by related parties	**15,217,614**	15,213,820
Number of shares held by the public	**8,740,034**	8,743,828
Total shares issued and outstanding	**23,957,648**	23,957,648

As of August 31 and May 31, 2022, the public owns 36.48% and 33.50%, respectively, of the University's listed shares.

As of August 31 and May 31, 2022, there are 1,454 holders of the listed common shares owning at least one board lot.

All shares of the University are listed on the PSE, there had been no follow-on listing since the initial listing in 1986 at an offer price of P100. The closing price of the University's listed shares was P530 and P540 per share as of August 31 and May 31, 2022, respectively.

13.2 Treasury Stock

This account includes the University's common shares acquired by FRC in various dates during and held as of August 31 and May 31, 2022. The changes in market values of these shares, recognized as fair value gains or losses by FRC, were reclassified to treasury stocks, as presented in the consolidated statements of changes in equity. Accordingly, the Group's treasury stocks amounted to P76.7 million as of August 31 and May 31, 2022, 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 crossholding as of the end of the reporting period.

13.3 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 presented below and in the following page.

(a) Appropriation of Retained Earnings

As of August 31 and May 31, 2022, the University's Appropriated Retained Earnings consists of appropriations for:

Property and investment acquisition	P	648,500,000
Purchase of equipment and improvements		442,620,289
Contingencies		90,000,000
Treasury shares		3,733,100
	P	1,184,853,389

Appropriations are annually assessed and updated. During the year ended May 31, 2022, the University made an appropriation amounting to P340.6 million; no appropriation or reversal of appropriation has been made for the period ended August 31, 2022.

(b) Dividend Declaration

During the year ended May 31, 2022, the BOT approved cash dividend declarations amounting to P432.3 million. No dividends were declared during the period ended August 31, 2022.

13.4 Subsidiaries with Material Non-controlling Interest

(a) FRC

Management considers that the University has de facto control over FRC even though it holds less than 50% of the voting shares of stock of FRC, because it is exposed or has right to variable returns through its power over FRC (see Note 1).

(b) EACCI and FEUAI

Both non-controlling interests in EACCI and FEUAI relate to non-voting preferred shares. As of August 31 and May 31, 2022, the total cost of preferred shares issued and outstanding of EACCI and FEUAI amounts to P1.2 billion and P750.0 million, respectively.

(c) Edustria Incorporated

Upon incorporation of Edustria, the Parent Company subscribed to 255.0 million shares, representing 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.

14. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share amounts for the three months ended August 31, 2022 and 2021 were computed as follows:

	2022 (Unaudited)	2021 (Unaudited)
Net income attributable to owners of the parent company	**(P 93,985,569)**	(P 40,354,447)
Divided by weighted average number of number of shares outstanding, net of treasury stock	**23,957,648**	23,968,648
Basic and diluted earnings per share	**(P 3.92)**	(P 1.68)

The University has no dilutive potential common shares as of August 31, 2022 and 2021; the diluted earnings (loss) per share and the basic earnings (loss) per share is the same.

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 adjusts it, in tandem to 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

The Group monitors capital based on debt-to-equity ratio, which is calculated as total adjusted liabilities i.e., 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.

	August 31 (Unaudited)	May 31 (Audited)
Total adjusted liabilities	**P 3,345,456,084**	P 3,917,552,954
Total adjusted equity attributable to owners of the parent company	**9,415,008,659**	9,508,994,228
Debt-to-equity ratio	**0.36 : 1.00**	0.41 : 1.00

The Group's goal in capital management is to maintain a lower liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00: 1.00. This is in line with the 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. COMMITMENTS AND CONTINGENCIES

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

16.1 Capital Commitments

As of August 31 and May 31, 2022, FRC has commitments of about P51.6 million for the condominium units acquired at pre-selling stage that are currently under construction.

16.2 Operating Lease Commitments as Lessor

FRC lease out certain buildings to EAEF and NREF for varying periods. FRC also lease out certain land and building to several non-related parties for a period of one to ten years. FRC also receives customer and security deposits relevant to its leasing activities as lessor which is recognized under Other Non-current Liabilities in the consolidated statements of financial position.

Future minimum rental receivables, excluding contingent rental, arising from these operating leases which are receivable within one year amounts to P2.9 million and P11.7 million as of August 31 and May 31, 2022, respectively.

16.3 Other Contingencies

There are other contingencies that arise in the normal course of business that are not recognized in the Group's financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements, however, the University opted to appropriate portion of its retained earnings to cover for such contingencies.

17. SEASONALITY OF OPERATIONS

Tuition fee revenue is subject to seasonal fluctuations. Revenue for a particular school year (SY) started to be earned only in August, based on the current academic calendar.

For the University and FECSI (FEU Cavite), there are three school terms within a fiscal year: 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 at least 90% of the first semester's enrollment, while the midyear term is the lowest at an approximate at least of 30%. The maximum load, in terms of subject units, of a student during the midyear term is only nine units compared to the 21 to 24 units during the first and second semesters.

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

The tuition fee increase, if any, usually takes effect during the first semester/trimester of a particular SY. Thus, old rates are followed during the midyear term/third trimester of the previous SY, while new rates are applied during the first semester/trimester and succeeding terms of the current SY.

18. APPROVAL FOR THE ISSUANCE OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The CCFS of the Group for the three months ended August 31, 2022 (including the comparatives for the three months ended August 31, 2021) were authorized for issue by the Audit Committee of the BOT on October 13, 2022.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

On September 20, 2022, the BOT approved a cash dividend declaration of P14 per share, or a total amount of P336.8 million, to all stockholders of record as of October 4, 2022, which is payable on October 14, 2022.

On October 7, 2022, the University completed its acquisition of 77,273 shares of common stock of Good Samaritan Colleges, Inc. (GSC), representing 34% of its outstanding capital stock, at a total subscription price of P70.0 million.