

CENTRO ESCOLAR UNIVERSITY

Company's Full Name

**9 Mendiola Street
San Miguel, Manila**

Company's Address

735-68-61 to 71

Telephone Number

March 31

Fiscal Year Ending
(Month & Day)

SEC FORM 17 – A, as Amended

Form Type

March 31, 2015

Period Ended Date

—

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE**

1. For the fiscal year ended March 31, 2015
2. SEC Identification Number 1093
3. BIR Tax Identification No. 000-531-126-000
4. Exact name of issuer as specified in its charter **CENTRO ESCOLAR UNIVERSITY**
5. Province, Country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of Principal Office 9 Mendiola Street, San Miguel, Manila
- Postal Code 1005
8. Issuer's telephone number, including area code (02) 735-68-61
9. Former name, former address and fiscal year, if changed since last report Not Applicable

10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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Common Stock	372,414,400
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11. Are any or all these securities listed on a stock exchange?

Yes No

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

Philippine Stock Exchange

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of Section 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 90 days.

Yes [] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

Number of non-affiliate shares as of June 30, 2015	372,414,400
Closing price per share as of June 30, 2015	₱ 10.12
Market value as of June 30, 2015	₱ 3,768,833,728

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Description of Business

Business Development During the Past Three Fiscal Years (2012-2015)

Centro Escolar University (CEU), an institution of higher learning established in 1907 by Librada Avelino and Carmen de Luna, is committed to the furtherance of its founders' philosophy, Ciencia y Virtud (knowledge and virtue), and aims to cultivate the mind, the spirit, and the body for service to God, country and the family. It has ranked among the top ten institutions of higher education in the Philippines.

In pursuit of this philosophy, it seeks to educate students:

1. To develop wholesome values and attitudes;
2. To become intellectually, technologically, and globally proficient in their chosen professions; and
3. To be involved in the promotion of nationalism.

CEU, a stock corporation, was first incorporated in 1932 to exist for 50 years, or until 1982. On March 31, 1982 the corporate life was extended for another 12 years to last until 1994. On March 31, 1994, the Articles of Incorporation was amended extending the life of CEU for another 50 years.

There was no bankruptcy, receivership or similar proceeding that happened to the corporation.

Stock split was approved by SEC on March 31, 2000, effectively reducing the par value from ₱100 to ₱1 per share. PSE correspondingly adjusted the par value on August 3, 2000.

School Year 2012-2013

Student Enrolment

The University had an average enrolment of 21,052 for the first and second semesters of SY 2012-2013. The total enrolment in the three campuses both for the 1st and 2nd semesters increased by 2.28% and 0.91%, respectively as compared to that of the previous school year. The total freshmen enrolment decreased by 0.43% as compared to the enrolment of the previous school year.

Foreign Student Enrolment

Foreign student enrolment stood at 1,278 and 1,076 for the first and second semesters, respectively. An average decrease of 5.76% was noted as compared to SY 2011-2012. The top three programs where the foreign students are enrolled in Dentistry, Pharmacy and Graduate School.

Performance in Board Examination

The passing percentage of CEU graduates was higher than the national passing percentage in all licensure examinations taken by the graduates in the past year. There were two dentistry graduates who placed the top 10 of Dentistry Licensure Exam, 4 from Nursing, 6 from Optometry, and 2 from Pharmacy.

Accreditation and Recognition

CEU was given seven (7) awards by the Philippine Association of Colleges and University Commission on Accreditation (PACUCOA) during its 23rd Annual General Assembly last December 7, 2012 at the Century Park Hotel. Three of its programs, namely, Nutrition and Dietetics, Optometry and Dentistry are first in their field to be granted Level IV accreditation status in the Philippines and in the National Capital Region. CEU was also awarded as the institution with the highest number of Level IV accredited programs by PACUCOA.

CEU set another milestone in higher education with the addition of three more programs attaining Level IV, the highest level of accreditation in the Philippines: Liberal Arts, B.S. Secondary Education and B.S. Elementary Education programs. These were granted by the Federation of Accrediting Agencies of the Philippines upon recommendation of the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA).

Granted candidates status also by PACUCOA are the B.S. Computer Science, B.S. Hotel and Restaurant Management, B.S. Tourism Management and B.S. Business Administration programs of CEU Makati campus.

Waiting for the results of the Level III 1st Reaccreditation are the Graduate School programs: Master of Arts, Master of Business Administration and Master of Science. Meanwhile, consultancy visit has been done for B.S. Medical Technology, B.S. Nursing, B.S. Pharmacy, and B.S. Psychology of CEU-Makati campus.

CEU School of Pharmacy is the first school in the Philippines that was accepted and became a member of the Academic Institutional Membership-Federation of International Pharmaceutics (AIM-FIP) and it is a CPE provider for Pharmacy.

International Linkages

The International Business University of Scandinavia (IBUS) proposes a Memorandum of Agreement with CEU to start the promotion of CEU programs in Vietnam. Also, the University of Malaya signed a Memorandum of Cooperation with the university to carry out research work in health and environmental resource management.

CEU School of Nutrition and Hospitality Management strengthened its global work and travel program through a goodwill visit and dialogue with the key officials of the Institute for Tourism studies in Macau, established a linkage with the InterContinental Hotels Group (IHG) Academy Crowne Plaza Bangkok Lumpini Park, Bangkok, Thailand, SSL Traders in Perak, Malaysia, Hydro Hotel and Ixora Hotel in Penang, Malaysia.

CEU continued its Student Exchange Program, now on its fourth year, with Daegu health college (DCH) in South Korea. The program aims to promote Academic enrichment and deepen understanding among the participants of the cultures of Philippines and Korea.

Quality Assurance

The continuous improvement program of CEU includes various programs coordinated by its quality and Risk Management System Committee: Management Review, 7S, Quality Circle, customer Feedback, CEU STARS. The majority of CEU work areas in the 3 campuses attained level 4 compliance in a scale of 5, in each component of the 7S program (Sort, Sweep, Systematize, Standardize, Safety, Security, Self Disciplined). To further improve service to various clientele, Customer Feedback was incorporated in the visitor's form to obtain feedback from external clients.

On March 8, 2013, academic and support functions of CEU Manila, Makati, and Malolos were audited by the SGS and the team recommended a continuation of the management certification up to the next audit on February 7, 2014.

Faculty Achievements

Four professors from the School of Accountancy and Management, Dr. Leny Delloso, Dr. Roberto Dacanay, CPA; Ph.D., Dr. Rowel Antonio and Dr. Bella Marie Fabian, were recognized as "Accredited Business Professionals" by the Philippine Academy of Professionals in Business Education (PAPBE) on February 19, 2013, Dr. Nilo V. Francisco,

Dean of the College of Management and Technology of CEU Malolos, was likewise recognized as Fellow in Business Education.

Student Achievements

CEU Mass Communication student, Kristine Bernadette Sasi, was one of the 2013 Ten Outstanding Students of the Philippines-National Capital Region Chapter (TOSP-NCR).

CEU School of Accountancy and Management students were declared the National Champion and First Runner-up for the Non-Food Category in the Search for the Best Business Plan Competition sponsored by the Philippine chamber of Commerce and Industry. The winning entry was Alternative Cigarette from Eggplant Leaves, while the Food Container from Bagasse placed first runner-up. CEU's entry for the Food Category was a finalist.

Ms. Kime Cabalquinto who represented the South East Region (SEA) in the 2012 American Dental Association/DENTSPLY Student Clinician Research Program was one of the Global winners of the International Student Clinician Research Program.

The undergraduate research of the School of Dentistry entitled "Ostrich (Struthiocamelos) Eggshell as Xenograft for Immediate Socket Preservation" was chosen by the Philippine Association of Laboratory Animals (PALAS) to receive the Japanese Association for Laboratory Animal Science (JALAS) International Award. The research group received a grant of Y100,000 and presented their research paper during the JALAS conference this year.

The fourth year Medical Technology students were the Overall Champion and 2nd runner-up in the research presentation during the 5th National Students' Congress of the Philippines Society of Medical Technology Students. Furthermore, Medical Students from Manila campus also placed 3rd runner up in PAMET-PASMETH National annual quiz last September 20, 2012.

The HRM program of CEU won 1st runner-up and 2nd runner-up, respectively, in the Regional Dish Competition sponsored by the Quezon City Tourism Council and Intercollegiate Cake Decorating Challenge.

The CEU Singers Manila won a Gold Diploma in the Chamber Music Category and a Silver Diploma in the Sacred Music Category in the December 2012 Second Vietnam International Choir Competition in Hue, Vietnam.

CEU was the Overall Champion in both the 12th Season of NAASCU and the 43rd Season of WNCAA. The University also won the Championship in both basketball and volleyball in the MNCAA 9th Season.

Ms. Dianne Chua of the School of Pharmacy was the Champion and Most Valuable Player of the Taekwondo competition during the WNCAAS competition. The CEU Pep Squad Dance Troupe was the Champion of the NAASCU Hip-Hop Competition last January 30, 2013. Meanwhile, the CEU Scorpions Pep Squad got the 2nd place in the NAASCU Cheerleading Competition last December 3, 2012.

School Year 2013-2014

Student Enrolment

The University had an enrolment of 22,438 for the first semester and 20,262 for the second semester of school year 2013-2014. The total enrolment for the three campuses both for the First and Second semesters increased by 3.05% and 4.86% respectively compared to that of SY 2012-2013. The total first year (freshmen, transferees) enrolment increased by 3.41 as compared to the enrolment of the previous school year.

Foreign Student Enrolment

Foreign student enrolment stood at 1,056 and 870 for the first and second semesters, respectively. A decrease of 17.37% and 19.14% for the first and second semesters respectively was noted compared to that of SY 2012-2013. The top three programs where the foreign students are enrolled are Dentistry, Pharmacy and Graduate School.

Performance in Board Examination

The passing percentage of CEU graduates was higher than the national passing percentage in all licensure examinations taken by the graduates in the past year. There were two Dentistry, one Nursing, five Optometry and one Graduate School for Guidance and Counseling graduates who placed in the top 10 of their respective Licensure Examinations.

Accreditation and Recognition

CEU continues to upgrade its curriculum to keep pace with the latest developments and international standard requirements for quality education. It takes pride on being the first to be granted with Level IV Re-accredited status for its Psychology and Biology programs by the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) as certified by the Federation of Accrediting Agencies of the Philippines (FAAP).

The institution is the first university in the Philippines to have reached the highest level of accreditation for its Medical Technology program granted by PACUCOA. It is also a CPE/CPD provider for Medical Technology.

The Tourism Management, Hotel and Restaurant Management, Dental Medicine, Pharmacy and Nursing programs of CEU Malolos were awarded the Level 1 status.

Granted candidate status also by PACUCOA are the Medical Technology, Nursing, Pharmacy and Psychology programs of CEU Makati campus.

Consultancy visit were conducted for B.S. Computer Engineering, B.S. Information Technology and B.S. Computer Science of CEU Manila Campus.

International Linkages

CEU College of Optometry was recently welcomed as a new affiliate member of the Association of Schools and Colleges of Optometry (ASCO) in the United States. ASCO is an academic leadership organization committed to promote, advance and achieve excellence in optometry education. It promotes student and faculty development, residency promotion, wider networking and benchmarking among its members.

Faculty members from the College of Medical Technology, Dr. Aileen Patron and Prof. Rogelio Cruz visited Khon Kaen University, Thailand to discuss areas of academic collaboration and exchange program. Specifically they tackled the possibility of faculty scholarship and exchange program, collaborative research and international practicum/internship for students.

CEU School of Nutrition and Hospitality Management continues to be a globally competitive institution as it strengthened its international training program. The school sent BS Tourism Management senior students to Malaysia and Vietnam. The training programs were provided by Ixora Hotel and 1926 Heritage Hotel, both located in Penang, Malaysia and Phu Hai Resort in Vietnam.

The University continues to strengthen international linkages with universities for research purposes, namely with University of Malaya, Kuala Lumpur Malaysia; Monash University, Malaysia; Prince of Songkla University of Thailand; Nasresuan University in Thailand; University of Tarumagnegara, Jakarta, Indonesia; University of Trisakti, Jakarta, Indonesia; Nottingham University, Malaysia; Kuamoto Health Science University; Daegu Health College, South Korea; Khon Kaen University, Thailand; Royal Institute of Singapore and Chulalongorn University in Thailand.

CEU sent five (5) of its student leaders to join the Global Student Leadership 2013 held at Daegu Health College, South Korea and Daegu Health College in turn sent ten (10) of its Interns to CEU as part of their Student Exchange Program which is now in its fifth year. The program aims to promote academic enrichment and deepen understanding among the participants of the cultures of Philippines and Korea.

Quality Assurance

The continuous improvement program of CEU includes various programs coordinated by its Quality and Risk Management System Committee: Management Review, 7S, Quality Circle, Customer Feedback, CEU STARS. Majority of CEU work areas in the 3 campuses attained level 4 compliance in a scale of 5, in each component of the 7S program (Sort, Sweep, Systematize, Standardize, Safety, Security, Self Disciplined). To further improve service to various clientele, Customer Feedback was incorporated in the visitor's form to obtain feedback from external clients.

To calibrate internal auditors' knowledge, skills and attitude, an Internal Quality Audit Workshop was held on May 30, 2013. On the other hand, an orientation was given to the data and document custodians on June 14, 2013 to refresh them about the ISO policies, requirements and procedures. To disseminate the improved procedures for Document Change Request (DCR), a Review of the Business Process was also conducted.

Faculty Achievements

Dr. Ma. Flordeliza Anastacio, OIC for CEU-Malolos and Dean of the School of Accountancy and Management, was awarded Fellow in Accounting Education by the Philippine Academy of Accountants for Business Research and Education (PAABRE) and also Fellow in Accountancy by the Royal Institution of Singapore.

Dr. Jessica Torre, Dean of the College of Optometry, was reappointed by the Commission on Higher Education as member of the Technical Panel for Health Professions and chairperson of the Technical Committee for Optometry Education.

Dr. Erna V. Yabut, VP for Research and Evaluation is currently the president of the Philippine Society for Educational Research and Evaluation (PSERE). Dr. Olivia M. Limuaco, VP for CEU-Makati is the consultant of Philippine Association and Colleges of Pharmacy (PACOP) and secretary general of Federation of Asian Pharmaceutical Association (FAPA), Dr. Teresita G. Carey, Dean of the School of ELAMS is the elected secretary of Pi Lambda Theta.

Student Achievements

Inspired by the institution's goal to be recognized as a research university, CEU schools/colleges joined many different research fore outside the university including local and international conferences to disseminate research outputs through paper and poster presentations where they emerged as winners in the different categories.

The School of Nursing research entry "Hanging, Clinging, Connecting: The Lived Experience of Bisexual Individual with HIV Positive" won the Best Research Presentation during the 3rd International Conference Nursing Students (ICONS) hosted by Cebu Normal University, Cebu City. During the 6th National Nursing Research Conference, the school's entry "Disaster Preparedness of Affiliated Communities of Centro Escolar University School of Nursing: A Basis for a Proposed Disaster Training Program" won the 3rd Best Poster Presentation.

School of Pharmacy students attended the 2nd International Conference on Pharmacovigilance and Clinical Trails at Hilton Texas, USA where they joined the poster presentation for their student "The Arrhythmic-Inhibiting Property of the bangus (Chanos Chanos Forrskal) Fish Oil in Isoflurane-Adrenaline Induced Ventricular Tachycardia in Sprague Dawley Rats" and received the Best Poster award.

Mass Communication students presented their paper entitled "Utilization of Social Networking Sites of Government Agencies for Disaster Preparedness and Management" during the National Communication Research Conference (NCRC) held in UP-Diliman. After the presentation, the students received an invitation to contribute in the forthcoming "ICT for Development Working Paper Series 6" issue for 2014, a prestigious journal which is jointly published by the University of Liberal Arts Bangladesh (ULAB) and Bangladesh Institute of ICT Development (BIID).

CEU School of Accountancy and Management students were declared first and second runners-ups of the Business Idea and Development Award by the PCCI for their entries, "Integrated and Reloadable Smart Card System for Light Rail Transit and Metro Rail Transit" and "Manufacturing Fish Feeds from Hyacinth in Batangas" respectively.

The College of Medical Technology students won the second place in the PAMET-PASMETH Quiz shows.

The School of Nutrition and Hospitality Management students won in the Veggie Cooking Contest sponsored by the National Nutrition Council, Cotai International Jazz and Blues Festival, Happy Hour – 7th National Food Showdown Jolly University Student Cook-Off and Electrolux Student Cook-Off.

Members of the Junior Philippine Computer Society under the School of Science and Technology won several awards during the ICT Roadshow 2014 participated by 9 schools in Metro Manila. Among their awards are PC Buyer's Guide School of the Year, Graphic Design Competition, Battle of the Bands, Ms. and Mr. People's Choice Award and Ms. PC Buyer's Guide 2014. The DC Cut Band of said school also won in the Mendiola Consortium and Frolics 2014. BS Biology students won the Second Place in the Inter-Collegiate Pre-Med Quiz Bee sponsored by San Beda College, Manila.

CEU was the Overall Champion in the 13th Season of NAASCU, 44th Season of the Women's National Collegiate Athletics Association (WNCAA) and the 10th Season Men's National Collegiate Athletics Association (MNCAA). The university also won the Championship in both basketball and volleyball in the MNCAA 9th season.

CEU Women's Basketball Team was the Champion in the 3rd Dickies Cup. They completed against UST, OLFU, FEU, St. Benilde and DLSU.

The CEU Singers brought home three Silver Awards in the 10th Anniversary of A Voyage of Songs International Choral Festival held in Bangkok, Thailand.

School Year 2014-2015

Student Enrolment

The University had an enrolment of 22,751 for the first semester and 21,449 for the second semester of school year 2014-2015. The total enrolment for the three campuses both for the First and Second semesters increased by 1.39% and 0.45%, respectively compared to that of SY 2013-2014. the total first year (freshmen, transferees) enrolment increased by 11.06% as compared to the enrolment of the previous school year.

Foreign Student Enrolment

Foreign student enrolment stood at 802 and 741 for the first and second semesters, respectively. A decrease of 23.18% and 13.74% for the first and second semesters, respectively, was noted compared to that of the previous year. The three programs where most of the foreign students are enrolled are Dentistry, Pharmacy and Graduate School.

Performance in Board Examination

The passing percentage of CEU graduates was higher than the national passing percentage in all licensure examinations taken by the graduates in the previous year. Its health sciences graduates proved once again their superiority by topping in the different licensure examinations given by the Philippine Regulation Commission. There were four (4) Dentistry graduates who placed in the top 10 of Dentistry Licensure Exam, two (2) from

the Medical Technology, five (5) from the Optometry, one (1) from the Pharmacy, and one (1) from the Psychometrician Licensure Examination.

Accreditation and Recognition

CEU's adherence to its quality objectives and principles, as well as its compliance to documentary requirements, urges the academic community to seek for opportunities for continuous improvement.

For CEU Manila, the university is awaiting the results of the preliminary visit conducted for Computer Engineering, Information Technology and Computer Science programs.

CEU Makati Hotel and Restaurant Management, Tourism Management, and Business Administration program were granted Level 1 accreditation status by PACUCIOA. Dental Medicine and Information Technology had undergone consultancy visit and are now preparing for preliminary visit.

The Business Administration, Liberal Arts and the Science programs of CEU Malolos were visited for Level IV and are waiting for the results. The Information and Technology program underwent the PACUCOA Consultancy visit in July 2014, and since then it has been preparing for the preliminary visit.

The university engages itself for Institutional Sustainability Assessment (ISA) this school year. CEU Makati and Malolos campuses submitted their documents for evaluation and they were visited on March 13-15, 2015 and April 15-16, 2015 for CEU Makati while April 13-15, 2015 for CEU Malolos.

International Linkages

Determined to bring its academic programs up to international standards and to remain competitive, Centro Escolar University continues to expand its internationalization efforts.

On June 30, 2014, CEU forged a memorandum of understanding with Sias International University. The agreement expresses the two universities' interest in exchanging scholars, academic information and materials to enrich their research and educational process, consequently increasing the mutual understanding between their respective scholars.

CEU, in coordination with the Community Outreach Department and Social Work Program of the School of Education, Liberal Arts, Music and Social work, entered into an agreement with the Japan National Council of Social Welfare (JNCSW) to assist the 23 senior Social work students of Leyte Normal University (LNU), their families and the university faculty who are affected by typhoon Yolanda.

The Universitas Muhammadiyah Sukarta (UMS), Indonesia visited Dr. Teresita I. Barcelo, Dean of the School of Nursing, and Associate Professor Joylyn L. Mejilla, Assistant to the Dean for Instruction, to give a series of lectures on Research and Renal Nursing to the UMS nursing students on May 12-16, 19-23, 2014 as part of the memorandum of agreement between Centro Escolar University and UMS. Dr. Barcelo also

took the occasion to discuss with UMS officials the possibility of a joint degree program for the two universities' students.

As part of the international linkage of CEU with Chulalongkorn University in Bangkok, Thailand, Cesarie Ann M. Santos, a 3rd year student from the CEU School of Science and Technology Psychology program was accepted as an exchange student. Part of the privileged given to Ms. Santos as a scholar includes her roundtrip airfare, free tuition fee for 18 units and 16,000 Baht per month stipend. The student exchangeship will ran from January to May 2015.

Dr. Kelly MacMillan, Associate Director of the University of Maryland-School of social work, together with the University's Social Work graduate students, nursing and law programs visited CEU on June 2 and 5, 2014. The visitors interacted with CEU students led by the officers of the University Student Council and selected Social work seniors. Mr. Cleo Angelo Guevarra, shared his practicum experience at the National Children's Hospital, and the discussion elicited an interesting and fruitful academic exchange. Dr. MacMillan learned about CEU's Social Work program and community outreach efforts during the visit of the CEU officials led by VP for Research and Evaluation, Dr. Erna V. Yabut and VP for Student Affairs, Dr. Carlito B. Olaer in Maryland in 2013. The visit concluded with Dr. MacMillan and Dr. Olaer's exchange of messages expressing the possibility for a collaboration between the two universities.

Vice President for CEU Malolos, Dr. Maria Flordeliza L. Anastacio, visited Canada from October 7 to 19, 2014 for benchmarking and International Conference on Women's Education for Sustainable Human Development at the Fort Garry Hotel in Manitoba, Canada. She benchmarked two (2) universities – the University of Manitoba and the University of Winnipeg.

CEU School of Nutrition and Hospitality Management continues to be a globally competitive institution as it strengthened its International Training Program. BSHRM students completed their 3-month internship at Phu, Hai Resort in Phan Hai Resot in Phan Thiet city, Vietnam. Furthermore, twenty-five (25) students from the School of NHM together with Mrs. Janelle Villamor-Qua conducted an exploratory tour in South Korea on October 26-29, 2014. The group visited Song Gok Tourism High School in Seoul, South Korea and was welcomed by the School principal, Mr. Deokyang Wang and their Vice principal, Ms. Park Jeong-ae together with some of their students. This partnership is a part of CEU's way to engage in international partnership to broaden the University linkages.

The University continues to strengthen international linkages with universities for research purposes, namely, with University of Malaya, Kuala Lumpur, Malaysia; Monash University, Malaysia; Prince of Songkla University of Thailand; Naresuan University in Thailand; University of Tarumagnegara, Jakarta, Indonesia; University of Trisakti, Jakarta, Indonesia, Nottingham University, Malaysia; Kuamoto Health Science University; Daegu Health College, South Korea; Khon Kaen University, Thailand; Royal Institute of Singapore and Chulalongkorn University in Thailand.

CEU sent eleven (11) of its student leaders from the School of Dentistry college of Optometry, School of NHM, School of Nursing and College of Medical Technology to join the global internship student exchange program 2015 held at Daegu Health College, South Korea last January 5 to 19, 2015 and Daegu Health College likewise sent eleven (11) of its students to CEU to get exposed to and experienced education – the Escolarian way from

February 23 to March 7, 2015. These students are taking Dental Technology, Ophthalmic Optics, Hotel and Restaurant, Culinary Arts and Wine/Coffee, Nursing and Clinical Pathology. The program aims to promote academic enrichment and deepened intercultural understanding between them.

Quality Assurance

The continuous improvement program of CEU includes various programs coordinated by its Quality and Risk Management system Committee: Management Review, 7S, Quality Circle, Customer Feedback, CEU STARS. The majority of CEU work areas in the 3 campuses attained Level 4 compliance in a scale of 5, in each component of the 7S program (Sort, Sweep, Systematize, Standardize, Safety, Security, Self Disciplined). To further improve service to various clientele, Customer Feedback was incorporated in the visitor's form to obtain feedback from external clients.

To calibrate internal auditor's knowledge, skills and attitude, an Internal Quality Audit orientation and re-orientation was held on August 4, 7 and 8 for Manila, Makati and Malolos respectively. The same activity was also held for 7S evaluators on July 18, 2014.

SGS Desk study and Recertification visit was conducted on June 5 and July 2-24, 2014 respectively. Furthermore, surveillance visit was held last May 4-5, 2015.

To identify the threats, opportunities, weaknesses and strengths of the university for the next 10 years, series of pre-strategic planning were conducted by each school/college and campus from January 28 to February 27, 2015. The university invited stakeholders, alumni, industry partners, faculty and students to participate in the said activity. Another planning session was conducted on March 23 attended by the Management Council, and the writeshop participated by some administrative council, heads and deans was held last April 17-20, 2015,. The strategic plan was presented and approved on May 29, 2015. Strategic plan and annual operations plan were disseminated to the different offices/departments/units/sections last June 9, 2015.

The CEU Biology, Pharmacy and HRM programs have submitted their report and supporting documents for the ASEAN University Network (AUN) accreditation to be submitted on June 2015. AUN is an Asian university association that aims to promote the development of a quality assurance system as an instrument for maintaining, improving, and enhancing teaching, research and the overall institutional academic standards of higher education institutions of Member Universities which could consequently lead to mutual recognition in the ASEAN region.

Faculty Achievements

Vice President for CEU Makati and Dean of Studies, Dr. Olivia M. Limuaco was elected President of the Philippine Pharmacists Association (PPhA) for 2014-2016. As President, she presented the association to the 2014 Federation of Asian Pharmaceutical Association (FAPA) Congress held at Sultera Harbour Hotel in Kota Kinabalu, Sabah, Malaysia. Likewise, she was elected as one of the five Vice Presidents of FAPA for 2014-2018. She was the former FAPA Secretary-General from 1991-2014.

Dr. Erna V. Yabut, vice President for Research and Evaluation, is the current President of the Philippine Society for Educational Research and Evaluation, Inc. (PSERE), chair of the University Belt Consortium Research and Extension Linkages and the secretary of the National Research Council of the Philippines Research Foundation, Inc.

Dr. Lolita D. Pablo, Program Head of the CEU Social Work Program and the CEU Community Outreach Department, was elected President of National Association of Social work, Inc. (NASWEI) during its 45th National Biennial Convention at the Aziza Paradise Hotel, Puerto Princesa City, Palawan on November 26-28, 2014.

The Dean of the School of Pharmacy, Dr. Cecilia D. Santiago, won the Best Poster Award (Pharmaceutical Chemistry and Drug Discovery) during the 6th Asian Association of Schools of Pharmacy Conference held last November 14-17, 2014. Mr. Ricardo Arellano, Mylene Andal and John Patrick Ramos, faculty from the CEU Manila School of Pharmacy, bagged the Best Poster Presentation award during the 3rd Philippine Pharmacy Summit at the University of the Philippines, Diliman on February 2015. Ms. Christine Joy Acoba also won 1st place in the Poster Presentation during the 2nd International conference and Exhibit on Pharmacovigilance and Clinical Trials held in TX, USA.

The Assistant Dean for the School of Nursing, Dr. Elvira I. Urgel, is elected as Treasurer of Philippine Nurses Association Manila chapter. Faculty members from the School of Nursing were also elected/appointed in several positions in National organizations. Dr. Pearl Ed Cuevas is the present Secretary of the Gerontology Nurses Association of the Philippines (GNAP), Mrs. Joylyn Mejilla is a Board member, Secretary of the Association of Diabetes Nurse Educators of the Philippines (ADNEP). Meanwhile, Mrs. Anjanette de Leon, Mrs. Joylyn Mejilla and Mrs. May Mendinueto are Diabetes Nurse Health Educators of ADNEP and Philippine Association of Diabetes Educators (PADE). Another faculty members of the School of Nursing, Mrs. Joylyn Mehjilla, is a member of the core group on Patient Safety in Nursing (Academic Institutions), UP-Manila and WHO Collaborating Centers and she was also a visiting lecturer/speaker on Renal Nursing at the Universitas Muhammadiyah, Surakarta and Stikes PKU, Muhammadiyah Surakarta, Indonesia on May 14-20, 2014.

Dr. Dolores Delacruz, head of the Planning and Monitoring Department, is a Board of Trustees of the Philippine Society for Quality, Inc. (PSQ) and a member of Industrial Organization of Psychological Association of the Philippines. She is also a PQA Assessor.

Dr. Maricar Joy Andres, Dr. Hellen Hallare and Dr. Jocelyn H. Flores from the School of Dentistry received the Floro Crisologo Award (Best in Oral Presentation) during the 3rd National Multidisciplinary Research Conference held last April 27-29, 2014 at the University of Northern Philippines, Vigan, Ilocos Sur.

Student Achievements

A student from the School of Dentistry recently brought home two awards from separate dental research competitions. She was declared winner in the Ceram-X dentistry competition Philippines held last Oct. 16, 2014 in Makati City after presenting her case entitled: "Esthetic Dentistry on a Fractured 21 and 22". Being the winner, she represented the Philippines in the Dentistry Asia in Hongkong on November 21-23, 2014. Another research of the same student on "Posterior Proximal Composite With and Without Composite Resin Ball" won the 3rd place in the CHINA-ASEAN Excellent Young Dental

Student Forum of the 4th China-ASEAN Forum on Dentistry held last October 27-28, 2014 at Nanning, China. The forum was attended by both undergraduate and Post-Graduate students from different Asian countries such as Thailand, Taiwan, China, Singapore, Myanmar, Laos, Indonesia, Malaysia, Vietnam, Cambodia and the Philippines. Two (2) Dentistry students received the Young Investigator Travel Award 2014 for their outstanding achievement in oral/dental research during the 28th IADR-South East Asia meeting in Kuching, Malaysia on August 13-14, 2014. Second and third place were also bagged by Dentistry students during the 105th Philippine Dental Association Annual Convention and Scientific Session held at SMX Convention Center.

CEU Singers Makati was declared 3rd Bali International Choral Festival champion... Singers! Singing O Magnum Mysterium, Orde-E by Lester Delgado for the Mixed Choir category and Say a Little Prayer for You, Ain't No Mountain High Enough, and Seasons of Love for the Show Choir category, the CEU Makati Singers bagged four (4) Gold Medals – two medals for the International Choral championship and another two medals for the International Choral Competitions. The festival was hosted by Bandung Choral Society and was held in Indonesia on August 26-28, 2014.

CEU Singers Malolos is also making a name in choral competitions. The group was declared first runner-up in the Central Carol Competition held in San Fernando, Pampanga on December 22, 2014 and was a finalist during the National Christmas Carol Competition held in Aliw Theatre on December 10, 2014. Another Pharmacy students also won 1st place during the U-Belt National Student Research Conference held at the Jose P. Laurel Hall of Freedom, Lyceum of the Philippines University, Manila.

Students from CEU College of Medical Technology placed 2nd in the 33rd National Quiz Show of the Philippine Association of Medical Technologists, Inc.-Philippine Association of Schools of Medical Technology and Public Health, Inc. (PAMET-PASMETH) held last September 15, 2014 at the Makati Coliseum. The college also bagged the 2nd place in the Search for Best Undergraduate Research (Poster category) during the 2nd Philippine Society of Medical Technology Students (PHiSMETS) NCR and Southern Luzon Regional Student Assembly held at Trinity University of Asia on December 6, 2014.

A student from the School of Accountancy and Management registered a remarkable performance by garnering a perfect score (990) in the Test of English for International Communication (TOEIC). It was also disclosed that the CEU SAM takers got one of the highest mean scores among the cluster of educational institutions in Metro Manila that took the TOEIC. TOEIC is a world renowned and credible test in determining a person's communication ability and it is being used by multinational companies like Sycip, Gorres and Velayo as one basis for hiring and promoting their human resources.

A research presentation of a group of students from CEU was declared the Best Podium Presentation for the student category during the 7th National Nursing Research Conference by the Philippine Nursing Research Society Inc. (PNRSI) held at Century Park Hotel, Manila on November 30 and December 1, 2014.

A CEU Tourism student won the Best Poster Presentation for her paper entitled: "sustainable Development Practices of Nuvali Eco-City from the Stakeholders' Perspective" in the 5th Asia Pacific Council on Hotel, Restaurant and Institutional Education (APaCHRIE) Youth conference. Also, a BS Hotel and Restaurant Management student from the School of Nutrition and Hospitality Management was among the 50 delegates for the SIAS-AUP

Student Mobility Program 2014 (Global Summer Camp 2014) held in Sias International University, XinZheng, Zhengzhou, China from July 7-25, 2014. CEU is one of the members of the Association of Universities of Asia and the Pacific (AUAP) that include universities from Korea, Thailand, Mongolia, Malaysia, Bangladesh, India, China, USA, Brazil, and the Philippines. The leadership camp provides the delegate an intensive educational experience that enhances the students' understanding of the role of a global student leader and it introduces the necessary tools that rising global business leaders need to engage in, particularly, in their respective communities.

Centro Escolar University Women's Basketball Team brought home their 4th consecutive WNCAA championship title after a two-game sweep against the Rizal Technological University (RTU) Lady Thunders last October 5, 2014 at the Rizal stadium. CEU's female Futsal Team also dethroned the 4-time champion RTU, thus claiming the top title. The CEU Pep Squad regained their title after being hailed as the WNCAA 45th Season Cheerleading Champions during the leagues' cheerleading competition held last February 21, 2015 at the Rizal Stadium. The group also bagged the championship title in the 14th Season of the National Athletic Association of Schools, Colleges and Universities (NAASCU) Cheerleading Competition held last March 13, 2015 at the Makati Coliseum. CEU's Men's volleyball Team bagged two championship titles, in the 11th MNCAA and 14th NAASCU Seasons. CEU balers also dominated NAASCU and 11th MNCAA as they emerged champions in both competitions. The CEU Street Squad retains their title as champion in the NAASCU hiphop. The female volleyball team also grabbed the 2nd place in the WNCAA 45th season. The men's basketball team finished 3rd place in 2014 Filoil Flying V Pre-season Cup.

Business of Issuer

Eleven programs in CEU-Manila has level 4 accredited status (BS Biology and BS Psychology is level 4 reaccredited). Graduate School programs for MA/MS/MBA is level 3 reaccredited. Two programs are on Level 2 re-survey status (Nursing and Social work). Two programs are on candidate status (HRM and Tourism Management); and preliminary visit was done on the three programs (Computer Engineering, Information Technology, Computer Science).

For CEU-Malolos, level 4 visit was done for three programs (Business Administration, Liberal Arts, Science) and five programs are on level 1 accredited status (HRM, Tourism Management, Dentistry, Pharmacy, Nursing).

CEU-Makati has two Level 1 accredited status (HRM and Tourism Management) and four programs are on candidate status (Medical Technology, Nursing, Pharmacy, Psychology), Level 1 formal visit was done for the two programs (Computer Science and Business Administration) and two programs (Dentistry, Information Technology) are for preliminary visit. The summary is as follows:

Accredited College/School Programs	Accrediting Agency	Accreditation Level	Period Covered
CEU-MENDIOLA			
B.S. Pharmacy	PACUCOA	Level 4	March 2011-March 2016
B.S. Social Work	PAASCU	Re-survey Level 2	May 2011-May 2016
B.S. Nursing	PAASCU	Re-survey Level 2	May 2011-May 2016
B.S. Biology	PACUCOA	Level 4 1 st AS	Sept. 2013-Sept. 2018

B.S. Psychology	PACUCOA	Level 4 1 st AS	Sept. 2013-Sept. 2018
B.S. Medical Technology	PACUCOA	Level 4	June 2013-June 2018
B.S. Business Administration	PACUCOA	Level 4	Nov. 2011-Nov. 2016
B.S. Accountancy	PACUCOA	Schedule for Level 1 visit on Aug. 4 and 5, 2015	Nov. 2012-Nov. 2014
Liberal Arts	PACUCOA	Level 4	Oct. 2012-Oct. 2017
B.S. Secondary Education	PACUCOA	Level 4	Oct. 2012-Oct. 2017
B.S. Elementary Education	PACUCOA	Level 4	Oct. 2012-Oct. 2017
Doctor of Dental Medicine	PACUCOA	Level 4	April 2012-April 2017
B.S. Nutrition and Dietetics	PACUCOA	Level 4	April 2012-April 2017
Doctor of Optometry	PACUCOA	Level 4	April 2012-April 2017
B.S. Hotel & Restaurant Management	PACUCOA	Candidate Status	Sept. 2013-Sept. 2015
B.S. Tourism Management	PACUCOA	Candidate Status	Sept. 2013-Sept. 2015
B.S. Computer Engineering	PACUCOA	Preliminary visit done	Awaiting result For candidate status
B.S. Information Technology	PACUCOA	Preliminary visit done	
B.S. Computer Science	PACUCOA	Preliminary visit done	
GRADUATE SCHOOL - Master of Arts - Master of Business Adm. - Master of Science - Doctor of Philosophy	PACUCOA	Level 3, 1 st RA Consultancy Visit done	Nov.2012-Nov.2017 June 4, 2015
CEU-MALOLOS			
Business Administration	PACUCOA	Level 4 visit done	Awaiting result
Liberal Arts	PACUCOA	Level 4 visit done	Awaiting result
Science	PACUCOA	Level 4 visit done	Awaiting result
B.S. Tourism Management	PACUCOA	Level 1	Jan.2014-Jan.2017
B.S. Hotel & Restaurant Management	PACUCOA	Level 1	Jan.2014-Jan.2017
Doctor of Dental Medicine	PACUCOA	Level 1	Jan.2014-Jan.2017
B.S. Pharmacy	PACUCOA	Level 1	Jan.2014-Jan.2017
B.S. Nursing	PACUCOA	Level 1	Jan.2014-Jan.2017
CEU-MAKATI			
B.S. Computer Science	PACUCOA	Level 1 formal visit done	Awaiting result
B.S. Hotel & Restaurant Management	PACUCOA	Level 1	Feb.2015-Feb.2018
B.S. Tourism Management	PACUCOA	Level 1	Feb.2015-Feb.2018
B.S. Business Administration	PACUCOA	Level 1 formal visit done	Awaiting result
B.S. Medical Technology	PACUCOA	Candidate Status	Nov.2013-Nov.2015
B.S. Nursing	PACUCOA	Candidate Status	Nov.2013-Nov.2015
B.S. Pharmacy	PACUCOA	Candidate Status	Nov.2013-Nov.2015
B.S. Psychology	PACUCOA	Candidate Status	Nov.2013-Nov.2015
Doctor of Dental Medicine	PACUCOA	Consultancy visit done	For preliminary visit
B.S. Information Technology	PACUCOA	Consultancy visit done	For preliminary visit

CEU was awarded as the first science and pharmacy program to be granted level 4 accredited status across the country. During the 2013 PACUCOA Annual General Assembly, CEU was awarded as the first Medical Technology program to be granted Level 4 status in the National Capital Region and in the Philippines.

CEU was also awarded for having the highest number of Level 4 programs during the PACUCOA's Annual General Assembly in December 2013 and December 2014 consecutively.

The University entered into a 25-year lease contract with Philtrust Bank on July 29, 2004. The lease covers the use of Philtrust Bank's land, building and improvements thereon located at 259-263 Sen. Gil Puyat Avenue and Malugay Street, Makati City. The

lease commenced on January 1, 2005 for the operation of the CEU-Makati Extension Campus for school year 2005-2006.

CEU complies with environmental laws. Its buildings are inspected regularly by the Office of the Mayor of Manila for sanitation and other safety measures, and the University pays the corresponding regulatory fees.

CEU has 1,203 employees, 749 of whom are faculty members and 347 are non-teaching staff. The University expects to hire approximately 37 additional employees within the ensuing 12 months to accommodate its expansion program. Of the total number of employees, 70 have administrative functions and are not subject to Collective Bargaining Agreement (CBA). The latest CBA expires in 2015. There have been no strikes in the past 3 years. Aside from basic salary and legally mandated benefits and bonuses, CEU employees receive incremental proceeds and retirement benefits under the University's non-contributory retirement plan.

CEU offers comprehensive training and development through its wide variety of college and graduate programs in the fields of Business, Science and Technology, and Liberal Arts, which Health Sciences have been granted Levels 3 and 4 Accredited Status by the Philippine Association of Colleges and Universities Commission on Accreditation (PACU-COA) and 2 programs are granted Level 2 by the Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) as certified by the Federation of Accrediting Agencies of the Philippines (FAAP).

The Level 4 accreditation of the 11 programs in the undergraduate and the Level 3 accreditation status of the graduate school programs certifies that CEU has met the FAAP's stringent requirements specifically, (a) reasonably high standard of instruction as manifested by the quality of its teachers, (b) highly visible community extension programs, (c) highly visible research tradition, (d) strong staff development, (e) highly creditable performance of graduates in licensure examinations, and (f) existence of working consortia or linkages with other schools/agencies.

The University is recognized for its specialization in the fields of Dentistry, Medical Technology, Nursing, Education, Nutrition, Optometry, Pharmacy and Business education.

Contribution of Product Services to Revenues

	2012-2013	2013-2014	2014-2015	Total
Liberal Arts	₱ 30,656,804	₱ 20,993,596	₱ 21,898,165	₱73,548,565
Science	83,395,161	63,770,554	69,746,352	216,912,068
ACS	83,574,409	85,267,691	93,026,052	261,8681,52
Dentistry	109,248,924	170,091,749	183,506,686	462,847,359
Education	4,337,739	4,290,122	5,118,487	13,746,348
Medical Technology	67,993,942	78,793,646	92,762,495	239,550,083
Music	1,200,363	2,267,187	2,198,759	5,686,309
Nursing	20,456,926	16,243,660	14,774,976	51,475,562
Nutrition/HE/Tourism/HRM	150,559,032	148,316,562	13,521,018	434,396,612
Optometry	16,987,971	18,549,168	22,814,093	58,351,232
Pharmacy	127,995,641	134,466,346	136,671,740	399,133,727
Social Work	2,133,263	2,559,343	2,169,843	6,862,449
Graduate School	7,994,981	9,005,104	9,919,223	26,919,308
Law	3,320,989	5,634,966	7,106,586	16,062,541
IS	0	0	2,377,325	2,377,325
Total	₱ 709,876,145	₱ 760,249,693	₱799,611,800	₱2,269,737,638

Tuition Fee Increase

There was a 3% increase in tuition fees and other fees for SY 2012-2013, 2013-2014 and 4% increase for SY 2014-2015.

Effect of Government Regulation with Respect to Increase in Tuition Fees

The Commission on Higher Education (CHED) promulgates guidelines to be followed by Higher Educational Institutions (HEIs) intending to increase their tuition and other fees. The guidelines provide, among others:

“A Certificate of Intended Compliance (COIC) stating that (70%) of the proceeds to be derived from the tuition fee increase shall be used for the payment of the salaries, wages, allowances and other benefits of its teaching and non-teaching personnel and other staff x x x.

“The 20% shall go to the improvement of the following:

1. Modernization of buildings
2. Equipment
3. Libraries
4. Laboratories
5. Gymnasium and similar facilities and
6. Payment of other cost of operations.

“Only 10% is left for return on investment.”

The University has consistently distributed 70% of the increase in tuition fees to its employees on a semestral basis. The 70% increase in tuition fees is distributed in the form of the benefit known as incremental proceeds, employee development programs, and other benefits.

The University regularly spends on capital expenditures to improve its facilities. These expenditures are sourced from internally-generated funds and generally exceed the allotted 20% of the tuition fee increase for the year.

Except for competition from other schools and universities, the rising cost of goods and materials and adverse economic situation which can affect operational costs and enrollment figures, there are no other major risks involved in the business of the University.

Item 2. Properties

CEU's main campus site, which houses 13 buildings, is located on a two-hectare prime real estate in Mendiola, Manila. Its campus in Malolos, Bulacan is located on a seven-hectare property along McArthur Highway.

The properties in Manila campus are covered by TCT Nos. 11919, 69761, 76251, 76252, 76253, 92437, 99602 and 171233. The Malolos property is covered by TCT No. T87162.

The University has no property that is subject to any mortgage, lien or encumbrance.

In connection with the establishment of CEU-Makati Campus, the University has been leasing the Philtrust Bank Building since 2004 for ₱2M fixed rental per month for 25 years plus a percentage of the annual income for its CEU-Makati, Gil Puyat Campus.

Pursuant to the authority granted by the Board of Directors and as part of the University's expansion program for CEU-Makati Campus, the University purchased on July 5, 2006 Seaboard Centre Condominium on Esteban Street, Legaspi Village, Makati City on installment basis through internally generated funds. The CEU-Makati, Legaspi Village Campus is covered by CCT Nos. 99424, 99167, 99410, 99425, 99426, 99427, 99411, 99428, 99429, 99430, 99431, 99432, 99168, 99408, 99169, 99170, 99433, 99434, 99435, 99436, 99437, and 99438.

Item 3. Legal Proceedings

CEU is not a party nor is any of the University's principal properties subject to any pending legal proceeding that could be expected to have a material adverse effect on the results of its operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

Market Information

The University's common equity is traded at the Philippine Stock Exchange. Following are the high and low prices for each quarter within the last two (2) fiscal years:

		High	Low
Fiscal Year Ended 2014			
April 2013 – June 2013	First Quarter	₱ 11.98	₱ 10.20
July 2013 – September 2013	Second Quarter	12.30	10.50
October 2013 – December 2013	Third Quarter	11.98	10.50
January 2014 – March 2014	Fourth Quarter	11.38	10.14
Fiscal Year Ended 2015			
April 2014 – June 2014	First Quarter	₱ 11.28	₱ 10.20
July 2014 – September 2014	Second Quarter	11.26	10.20
October 2014 – December 2014	Third Quarter	10.92	9.80
January 2015 – March 2015	Fourth Quarter	12.00	10.00

The closing price per share of the University's common shares as of June 30, 2015 was ₱10.12.

Holders

As of June 30 2015, there are 1,064 common shareholders. The name of the top twenty (20) shareholders and the number of shares and the percentage of total shares outstanding held by each are as follows:

Stockholder	Number of Common Shares Held	Percentage of Total Shares (%)
1. USAUTOOCO, INC.	126,620,891	34.0000
2. PCD Nominee Corp. Filipino.	56,155,245	15.0787
3. U.S. Automotive Co., Inc.	55,963,803	15.0273
4. Southville Commercial Corp.	29,686,293	7.9713
5. Jose M. Tiongco	13,439,614	3.6088
6. Corazon M. Tiongco	10,108,404	2.7143
7. Erlinda T. Galeon	9,252,982	2.4846
8. Generosa T. Cabrera	9,190,225	2.4677
9. Marie T. Sands	9,186,138	2.4666
10. Security Bank Corp. TA#1090	8,072,299	2.1676
11. Alvin Anton C. Ong	1,344,308	0.3610
12. Fredrick C. Ong	1,000,000	0.2685
13. Maria Concepcion I. Donato	994,465	0.2670
14a. Emma de Santos Oboza	758,190	0.2036
14b. Alicia de Santos Villarama	758,190	0.2036
15. Robert Jaleco Javellana Administrator for Estate of Trinidad V. Javellana	713,666	0.1916
16a. Jose Hontiveros	650,107	0.1746
16b. Manuel M. Paredes	650,107	0.1746
16c. Amado R. Reyes	650,107	0.1746
17. Conrado Sanchez, Jr.	650,000	0.1745
18. Ma. Alexa J. Intengan	634,621	0.1704
19. Leland &/or Melita Villadolid	560,523	0.1505
20. Angelo A.S. Suntay	453,186	0.1217

There are no transactions that relate to an acquisition, business combination or other reorganization which will affect the amount and percentage of shareholdings of any of the University's directors, officers (as a group) or any person owning more than 5% of the University's outstanding capital stock.

Dividends

Dividends declared for the two most recent fiscal years, i.e., Fiscal Year ended March 31, 2014 and Fiscal Year ended March 31, 2015, are as follows:

Fiscal Year Ended March 31, 2014
(April 1, 2013 – March 31, 2014)

1. Cash dividend of ₱0.35 per share was declared on July 3, 2013 in favor of stockholders of record as of July 16, 2013, payable on August 8, 2013.

2. Cash dividend of ₱0.25 per share was declared on October 25, 2013 in favor of stockholders of record as of November 19, 2013, payable on December 12, 2013.

Fiscal Year Ended March 31, 2015
(April 1, 2014– March 31, 2015)

a. Cash dividend of ₱0.20 per share was declared on February 27, 2015 in favor of stockholders of record as of March 20, 2015, payable on April 17, 2015.

b. Cash dividend of ₱0.50 per share was declared on July 22, 2014 in favor of stockholders of record as of August 14, 2014, payable on September 10, 2014.

Dividends shall be declared only from retained earnings.

There are no restrictions that limit the ability to declare dividends on common equity.

Recent Sales of Unregistered or Exempt Securities

The University did not sell any unregistered or exempt securities in the past three (3) years.

Item 6. Management 's Discussion and Analysis or Plan of Operation

Financial Performance (2014-2015; 2013-2014)

Tuition and Other School Fees increased by 5.45% to ₱1,661,937,386 from the previous year's ₱1,576,075,453 and 7.20% increased from ₱1,470,248,482 in 2013. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees are comprised of fees for electricity, registration materials, miscellaneous classroom expenses, laboratory materials, health services fees, library fees and development fees. Income from Other School Services comprise of fees for diploma and certificates, transcript of records, entrance examinations and various collections for specific items or activities. Interest income were reported at ₱5,657,474 in 2015 and ₱4,224,175 in 2014.

The total revenues increased to ₱1,697,656,806 in 2015 from ₱1,603,329,925 last year and ₱1,496,641,774 in 2013. While the Operating Expenses were reported at ₱1,302,408,178 in 2015 from ₱1,262,562,746 last year and ₱1,163,679,983 in 2013.

Net income of the University for 2015 was ₱345,680,101 from ₱301,429,042 last year and ₱290,627,930 in 2013.

With almost the same first semester enrollment the 5.45% increase in tuition and other fees resulted in the increase in net income by ₱44 million.

Financial Condition

The University reported a healthy cash position as of March 31, 2015. Cash and cash equivalents were at ₱516,443,049 as compared to last year's balance of ₱353,279,440 and ₱257,765,951 in 2013. Tuition and other receivables were at ₱39,465,662 as compared to ₱21,734,637 last year and ₱25,539,044 in 2013. The University's receivables consist of tuition receivables, interest receivables, and employee and lessee receivables (classified as Other Receivables). There are no receivables from unconsolidated subsidiaries or related parties.

Inventories, consisting of materials, uniforms and supplies, were at ₱7,701,756. Other current assets, which consist largely of Prepayments stood at ₱1,401,983.

Available for Sale (AFS) Investments, reported under Other Assets in 2015, had a market value of ₱611,949 as compared to ₱602,877 last year. Other Assets also include Advances to Suppliers and Contractors at ₱13,993,727 compared to ₱29,969,854 last year.

The current assets of the University as of fiscal year ended March 31, 2015 were ₱565,012,450 as compared to ₱384,613,567 for March 31, 2014.

Property and Equipment were reported at revalued amount of ₱1,650,056,499 from ₱1,650,056,499 last year, and at cost amounting to ₱1,292,395,315 from ₱1,277,085,595 last year.

Total non-current assets were at ₱2,957,057,490 and Total Assets were at ₱3,522,069,940 at the end of the fiscal year.

Accounts payable and accrued expenses increased to ₱265,771,423 from ₱236,843,631 last year and ₱218,874,780 in 2013. Dividends payable were at ₱174,102,976 compared to ₱96,652,449 last year and ₱89,467,499 in 2013. The current portion of the long-term liability due to the building acquisition was ₱40,000,000 and the income tax payable increased to ₱20,366,743 from ₱14,395,524 last year and ₱15,096,762 in 2013. Total current liabilities were at ₱500,241,142 at fiscal year end.

Total non-current liability as of March 31, 2015 decreased to ₱470,550,261 from ₱493,390,450 last year and ₱514,539,018 in 2013. The long-term liability of ₱34,675,786 reflects the present value of the installment payments due on the acquired Seaboard Building. Because schools are allowed to claim 10% of its capital expansion as an advanced tax credit, it can no longer claim the depreciation on these capital assets as tax deduction. Instead, the unamortized portion of these tax credits are lodged under deferred tax liability, and is amortized yearly in congruence with the depreciation of the capital assets. Deferred tax liabilities were at ₱236,259,567. Retirement liability refers to the portion of the Retirement Fund that needs to be funded over the course of the expected working lives of the employees. As of March 2015, retirement liability was at ₱199,614,908.

The University's stockholder's equity stood at ₱2,551,278,537 as of March 2015 as compared to ₱2,461,046,338 in March 2014.

Key Performance Indicators

Key	2015	2014	2013	Manner of Computation	Significance
Revenue Growth	5.45%	7.05%	3.05%	Difference between current and last year's tuition and other school fees divided by last year's revenues	Measures Revenue growth
Return on Revenue	21%	19%	20%	Net income divided by Tuition and other school fees	Shows how much profit is derived from every pesos of tuition and other school fees
Dividend Pay-out Ratio	75%	74%	96%	Dividends divided by net income	Indicates how earnings support dividend payment
Return on Equity	14%	12%	12%	Net profit divided by average total stockholder's equity	Measures extent of profit earned
Return on Assets	10.07%	9.18%	9.13%	Net profit divided by average total assets	Measures use of assets to generate income

Liquidity

The University relies on internally generated cash to fund its working capital needs, capital expenditures and cash dividends. It can satisfy the cash requirements and have no plan to raise additional funds.

Cash flows provided by operating activities were at ₱472,893,022 for fiscal year ended March 31, 2015 as compared to cash flows provided by operating activities of ₱425,166,087 for the previous fiscal year and ₱427,785,997 in March in 2013.

Cash used in investing activities was ₱86,492,042 during fiscal year ended March 31, 2015, as compared to cash used in investing activities of ₱75,104,905 for previous fiscal year and ₱66,960,962 in March 31, 2013.

Cash used in financing activities was at ₱223,239,553 during the current fiscal year. This was primarily used for the payment of dividends as well as the payment of the loan installment for the purchase of the CEU-Makati Legaspi Village building. Cash used for financing activities was at ₱256,263,640 for fiscal year ended March 31, 2014 and ₱311,600,548 in fiscal year ended March 31, 2013.

Segment Reporting

The University operates in four geographical segments – Mendiola, Malolos, Makati-Gil Puyat and Makati-Legaspi campus. The financial information on the operations of these segments are disclosed in terms of segment assets, segment property and equipment (net), segment liabilities, segment revenues, operating expenses and net income/loss.

The segment report is included in Note 19 of the financial statements.

Known Trends

Effect of Government Regulation with Respect to Increase in Tuition Fees

The Commission on Higher Education (CHED) promulgates guidelines to be followed by Higher Education Institutions (HEIs) intending to increase their tuition and other fees. Notable among them follows:

“A Certificate of Intended Compliance (COIC) stating that (70%) of the proceeds to be derived from the tuition fee increase shall be used for the payment of the salaries, wages, allowances and other benefits of its teaching and non-teaching personnel and other staff xxx.

“The 20% shall go to the improvement of the following:

1. Modernization of buildings
 2. Equipment
 3. Libraries
 4. Laboratories
 5. Gymnasium and similar facilities and
 6. Payment of other cost of operations.
- “Only 10% is left for return on investment.”

Education Trends

For school year 2014-2015 and 2013-2014, the University registered upward trends in Dentistry, Pharmacy and Medical Technology while nursing course continued to experience downward enrollment due to lesser demand in the United States and United Kingdom.

Key Variable and Other Qualitative and Quantitative Factors

Currently, there are no known trends, events, or uncertainties that have a material impact on the University's liquidity.

The Registrant does not know of any event that will trigger any direct or contingent financial obligation that may be material to the company, including default or acceleration of an obligation.

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

For school year 2014-2015, there are commitments for capital expenditures such as conversion of classrooms to laboratories, improvements and renovations of existing laboratories, repairs and repainting of administration offices, improvements and maintenance of information and communications technology and procurement of computer for Computer Education Department and different offices which is being done every year

which funding shall be derived from the increase in tuition fees in accordance with the guidelines of the Commission of Higher Education (CHED).

Currently, there are no known trends, events or uncertainties that have material impact on sales, aside from downward enrollment on nursing course, tourism and hotel and restaurant management courses.

All income is derived from the normal course of operations or through interest income on money market placements. There are no significant elements of income or loss.

Material changes from FY 2014 to FY 2015 include an increase of 5.89% in total revenues which resulted from the 5.45% increase in total tuition and other school fees. In addition, 33.93% increase in interest income was reported due to total amount of short term deposits. For costs and expenses, posted was an increase of 1.75% in costs of services due to higher costs of utilities and increases in depreciation, rental, retirement, recruitment and development, expenses. General and administrative expenses increased by 11.92% due to increase in janitorial and security services, repairs and maintenance, taxes and licenses and provision for credit losses. Interest expense decreased by 27.67% due to lower principal balance of loan. An increase of 309% in the loss on retirement of assets was due to value of condemned assets. No provision for impairment losses pertaining to Hospital's laboratory equipment was recorded this fiscal year. There was a decrease of 99.88% in the foreign currency exchange gain because of lower foreign currency exchange rate. These material changes resulted to an increase of 14.68% in net income after tax.

New Accounting Standards

The University presented its consolidated financial statements to comply with accounting principles generally accepted in the Philippines (Philippine GAAP) as set forth in Philippine Financial Reporting Standards (PFRS). New and revised accounting standards, consisting of Philippine Accounting Standards (PAS) and PFRS became effective for financial reporting purposes.

The consolidated financial statements include the financial statements of the University, Centro Escolar University Hospital, Inc. (the Hospital), a wholly owned subsidiary, and Centro Escolar Integrated School (CE-IS) (collectively referred to as the Group).

The financial statements of the Hospital are prepared for the same reporting year as the University.

Subsidiary is consolidated when control is transferred to the Group and ceases to be consolidated when control is transferred out of the Group. Control is presumed to exist when the University owns more than 50% of the voting power of an entity unless in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. The consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances. All intercompany balances and transactions, intercompany profits and unrealized gains and losses have been eliminated in the consolidation.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended standards and interpretations, which became effective beginning April 1, 2014. Unless otherwise indicated, the adoption of these new and amended standards and interpretations did not have material impact on the financial position or performance of the Group.

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendments)*.

These amendments clarify the meaning of ‘currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively.

- PAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets (Amendments)*

These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.

- PAS 39, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (Amendments)*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

- *Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)*

They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10, *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- Philippine Interpretation IFRIC 21, *Levies (IFRIC 21)*

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarified that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

- Annual; Improvements to PFRS (2010-2012 cycle)

In the 2010-2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

- Annual Improvements to PFRS (2011-2013 cycle)
In the 2011-2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards-First-time Adoption to PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements.

The Registrant has no knowledge of any seasonal aspects that had a material effect on the financial condition or results of the operations.

The University engaged the services of Sycip Gorres Velayo & Co. (SGV) in SY 2007-2008 to undertake the external quality assessment review of its internal audit activity in compliance with the International Standards for the Professional Practice of Internal Auditing (ISPPA), specifically Standard 1312 – External Assessments. The purpose of said external quality assessment review was to determine and, as appropriate, to improve the internal audit activity's compliance with ISPPA.

SGV completed the external quality assessment review of the University's internal audit activity last January 28, 2008 and rendered the overall opinion that "the internal audit activity of CEU Partially Complies to the Standards. 'Partially Complies' means that the activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organization."

The audit was completed in the last fiscal year and the University is committed to move in the direction of the risk-based auditing process. The plan will be set forth by the University's Quality Management Systems Group along with the Internal Audit Department.

Item 7. Financial Statement

The audited financial statements and supplementary schedules to the financial statements duly submitted to BIR* are attached as Exhibit 1 hereto.

*Due for submission with BIR on July 15, 2015.

Item 8. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

1. External Audit Fees and Services

Audit Fees and Related Fees

The appointment of Sycip Gorres, Velayo and Co. (SGV) as external auditor of the University for the fiscal year ending March 31, 2015 was approved by the stockholders during the annual meeting on July 22, 2014.

In compliance with Securities Regulation Code (SRC) Rule 68, Ms. Josephine Adrienne A. Abarca will be designated as partner in-charge this FY 2015, Mr. Christian Lauron was designated as partner in-charge for FY 2014 and Ms. Janet Alvarado-Paraiso has been the partner in-charge for five years. Her appointment started in 2009.

In 2015 and 2014, the University paid ₱880,000 and ₱800,000, VAT exclusive, to Sycip Gorres, Velayo and Co. (SGV) for the audit of the University's annual financial statements, as well as assistance in the preparation of the annual income tax returns.

There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the University financial statements.

Tax Fees

In 2011, the University paid ₱240,000, VAT exclusive to Sycip, Gorres, Velayo and Co (SGV) for the performance of a tax compliance review for the fiscal year ended March 31, 2010 covering income tax, expanded withholding tax, fringe benefit tax and withholding tax on wages. The review involved a study of the University's opposition and practices and procedures in relation to specific tax laws, regulations and rulings. The objectives were to determine whether or not the tax position, practices and procedures adopted and maintained are in compliance with the tax laws and regulations; top identify areas where non-compliance are noted and quantify, if possible, the extent of the University's exposure thereon, and to provide recommendations to improve or correct the University's tax practices and procedures in compliance with the tax laws and BIR regulations.

Other Fees

There are no other services provided by the external auditor, other than the services reported.

Audit Committee Pre-approval Policy

CEU's Audit Committee is composed of the Chairman, Dr. Emil Q. Javier, (independent director) and members, Dr. Angel C. Alcala, Dr. Alejandro C. Dizon and Atty. Sergio F. Apostol.

The Audit Committee is required to pre-approve all audit and non-audit services rendered and approve the engagement fees and other compensation to be paid to the external auditor.

The Audit Committee found the services and fees for external audit reasonable and approved the same following a conference with the external auditors and the University's financial officers to clarify the scope, extent and details of the audit.

Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

There was no change in nor disagreement with External Accountants on accounting and financial disclosures.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the University

Directors and Executive Officers

	Name	Age	Citizen ship	Positions	Term of Office	Directorship Held in Other Companies
1	Basilio C. Yap	65	Filipino	Chairman of the Board – April 25, 2014	Yearly	Chairman, President & Director – U.S. Automotive Co., Inc., USAUTOCO, Inc., Philtrust Realty Corporation, Manila Prince Hotel, Cocusphil Development Corporation, U.N. Properties Development Corporation and Seebreeze Enterprises - Vice Chairman – Philtrust Bank - Chairman, Manila Hotel Corporation - Chairman, Manila Bulletin Publishing Corporation - Chairman, CEU Hospital, Inc.
2	Ma. Cristina D. Padolina	69	Filipino	Director - July 25, 2006 President/Chief Academic Officer - Aug. 18, 2006	Yearly	- Professor Emeritus, University of the Philippines, Los Baños - Director, Centro Escolar University Hospital, Inc.

3	Angel C. Alcala**	86	Filipino	Director - July 22, 2008	Yearly	<ul style="list-style-type: none"> - Chairman, Silliman University-Angelo King Center for Research and Environmental Management (SUAKCREM) - Professor Emeritus, Silliman University - Member, Board of Trustees, Silliman University - President, Cap College Makati
4	Emil Q. Javier**	74	Filipino	Director - July 10, 2002	Yearly	<ul style="list-style-type: none"> - Trustee, Asia Rice Foundation, Head Advisor, Biotech Coalition of the Phils., - - Academician, National Academy of Science & Technology (Phil) - Board Member, International Service for the Acquisition of Agri-Biotech Applications (South East Asia Center) - Board Member, Nutrition Center of the Philippines - Director, CEU Hospital, Inc. - Director, Del Monte Pacific Ltd. - Member, Advisory Committee, Japan International Cooperation Agency, Phils.
5	Benjamin C. Yap	69	Filipino	Director - July 22, 2014	Yearly	<ul style="list-style-type: none"> - President and Chairman, Benjamin Favored Son, Inc., - Chairman, House of Refuge - Director, USAUTOCO, Inc - Director, Manila Hotel Corporation - Director, CEU Hospital, Inc.
6	Alejandro C. Dizon	54	Filipino	Director - Aug. 31, 2007	Yearly	<ul style="list-style-type: none"> - Vice President & Chief Quality Officer; Head, St. Luke's Medical Center - Vice-Chairman, Institute of Surgery, St. Lukes Medical Center - Fellow and Member, Board of Regents, Philippine College of Surgeons - Fellow, American College of Surgeons - Examiner & Member, Board of Directors & Governors, Philippine Board of Surgery, - Asst. Professor, UERMMMC College of Medicine

**Independent directors.

7	Emilio C. Yap III	43	Filipino	Directors - Sept. 1, 2009	Yearly	- Chairman, Manila Prime Holdings - Director, Manila Bulletin Corporation, Manila Hotel, Philtrust Bank and US Automotive Co., Inc.
8	Corazon M. Tiongco	65	Filipino	Director - July 25, 2000 Assistant Treasurer 3 since Aug. 12, 2005	Yearly	Director, Centro Escolar University Hospital, Inc.
9	Johnny C. Yap	42	Filipino	Director - Oct. 26, 2007	Yearly	- Vice Chairman & Treasurer, Euromed Laboratories Philippines, Inc. - Director, Philtrust Bank - Chairman, Café France Corp.

Executive Officers Who Are Not Directors

	Name	Age	Citizenship	Position	Term of Office	Directorship Held in Other Companies
1	Sergio F. Apostol	80	Filipino	Corporate Secretary & Compliance Officer - Feb. 26, 2010	Yearly	- Chairman, Kaytrix Agri-Aqua Corp. - Director, Manila Hotel
2	Irineo C. Espino	58	Filipino	VP-Administration - July 25, 2014	Yearly	- Vice President, Centro Escolar University Hospital, Inc.
3	Cesar F. Tan	60	Filipino	Treasurer 3 April 17, 2006 Asst. Corp. Sec. - Oct. 1, 2009	Yearly	- Treasurer, Centro Escolar University Hospital, Inc.
4	Maria Clara Perlita Erna V. Yabut	48	Filipino	VP-Research & Evaluation – Jan. 29, 2010 AVP- Research & Evaluation 3 Aug. 18, 2006 Head, EDP Department – Aug. 1, 2001	Yearly	None
5	Teresa R. Perez	52	Filipino	VP-Academic Affairs – Jan. 29, 2010 AVP- Academic Affairs - July 25, 2008 Acting AVP-Academic Affairs - July 27, 2007	Yearly	None
6	Olivia M. Limuaco	58	Filipino	VP-Makati Campus - August, 2013	Yearly	- Secretary-General, Federation of Asian Pharmaceutical Association (FAPA) - President, Philippine Pharmacists Association (PphA) - Member, Council of Advisers of Philippines Association of Colleges of Pharmacy (PACOP)

7	Rhoda C. Aguilar	41	Filipino	University Registrar 3 July 25, 2014 Acting University Registrar – June 1, 2013	Yearly	None
8	Ma. Flordeliza L. Anastacio	54	Filipino	VP-Malolos Campus - July 25, 2014 -Officer-in-Charge, CEU Malolos - November, 2013	Yearly	None
9	Bernardita T. Traje	53	Filipino	Assistant Controller - Aug. 18, 2006 Assistant Treasurer - March 8, 1995 to August 18, 2006	Yearly	None
10	Carlito B. Olaer	49	Filipino	VP-Student Affairs – July 30, 2010 Acting AVP- Student Affairs, Student Affairs Office - since July 25, 2008 OIC, Student Affairs Office – - since May 3, 2008	Yearly	None

Significant Employees

All employees are expected to make reasonable contribution to the success of the business of the University. There is no “significant employee” as defined in Part IV(A)(2) of the SRC Rule 12 (i.e., a person who is not an executive officer of the registrant but who is expected to make a significant contribution to the business).

Deans

	Name and Address	Position	Term of Office	Directorship Held in Other Companies
1.	Teresita I. Barcelo 1573-Q Matienza St., San Miguel, Manila	Dean	1 year	None
2.	Charito M. Bermido 33-C 11 th Ave., Murphy, Quezon City	Dean	3 years	None
3.	Teresita G. Carey 42 Acacia Lane, Palmera Heights, Ortigas Ave. Ext., Cainta, Rizal	Dean	1 year	None
4.	Julieta Z. Dungca Makabakle, Bacolor, Pampanga	Dean	3 years	None
5.	Nilo V. Francisco 247 San Jose, Paombong, Bulacan	Dean	3 years	None
6.	Pearly P. Lim 48B Pangasinan St., Quezon City	Dean	3 years	None
7.	Elizabeth C. Roces 339 A & V Subdivision, Panginay, Balagtas, Bulacan	Dean	3 years	None

8.	Melito S. Salazar, Jr. 7 Tulips St., St. Dominic IV Culrat, Quezon City	Dean	1 year	None
9.	Cecilia D. Santiago 973 Bambang St., Bocaue, Bulacan	Dean	3 years	None
10.	Jessica F. Torre 877 Katarungan St., Mandaluyong City	Dean	1 year	None
11.	Cecilia G. Uncad 11 Gladiola Mall, Gardenville Condo Sta. Mesa, Manila	Dean	3 years	None
12.	Veronica F. Balintona 3016 Espiritu St., Park View Homes, Bgy. Sunvalley, Parañaque City	Assistant Dean	3 years	None
13.	Amelita M. Borlongan Bldg. 2 DE-I GSIS City, Pureza St., Sta. Mesa, Manila	Assistant Dean	3 years	None
14.	Juliana M. Laraya 2327-B San Anton St., Sampaloc, Manila	Assistant Dean	2 years	None
15.	Elvira L. Urgel 7 Sinag St., Mandaluyong City	Assistant Dean	3 years	None

Heads

	Name and Address	Position	Term of Office	Directorship Held in Other Companies
1.	Elisa B. Ayo 989 Algeciras St., España, Manila	Head	3 years	None
2.	Jonathan P. Catapang Unit 308, La Casarita Condominium 333 San Rafael, San Miguel, Manila	Head	3 years	None
3.	Dorothea C. Dela Cruz Blk 24A, Lot 3, Phase 3D Silvestre Street, Sto. Niño, Meycauayan, Bulacan	Head	3 years	None
4.	Teofilo A. de Guzman B-22, L-27, Citation Homes, Bahay Pare, Meycauayan, Bulacan	Head	1 year	None
5.	Zenaida R. Los Baños Morning Glory St., Ridgemont Village Cainta, Rizal	Head	1 year	None
6.	Aleli V. Lozano 847 Inosentes Street, Mandaluyong City	Head	3 years	None
7.	Arlene S. Opina U411, M86, BCDA, Diego Silang Village Ususan, Taguig City	Head	3 years	None
8.	Lolita D. Pablo 4012-A Dangal St., Bacood, Sta. Mesa Manila	Head	3 years	None
9.	Tessie A. Ramirez B1 L23, Phase 4 Ecotrend Subdivision Ligas 3, Bacoor, Cavite	Head	2 years	None
10.	Ana Marie T. Afortunado 1 Ridgelane St., Ridgemont Executive Village, Taytay, Rizal	Head	3 years	None

11	Salvacion M. Arlante 1621 UP Bliss, Diliman, Quezon City	Head	Until Oct. 31, 2015	None
12	Lolita M. Balboa 16 I. Esteban St., Mandaluyong City	Head	3 years	None
13	Victoria P. Baleva 33 Jasmin St., Roxas District, Quezon City	Asst. Head	Until Oct. 31, 2015	None
14.	Milagros L. Borabo 39 R. Magsaysay St., Potrero, Malabon, Metro Manila	Program Director	3 years	None
15.	Elvira G. Borlongan 852 Bambang St., Bocaue, Bulacan	Head	3 years	None
16.	Raul J. Caparas 91 Hipolito St., Caingin, Malolos City	Head	3 years	None
17.	Ma. Dolores E. Delacruz 19 General San Luis St., San Juan City	Head	1 year	None
18.	Leny R. Delloso 6832-A Yumuy St., Centennial I-A Nagpayong, Pinagbuhatan, Pasig City	Asst. Head	1 year	None
19.	Ma. Eleanor C. Espinas #164 P. Castillo St., San Diego Subd., Caloocan City	Head	3 years	None
20.	Nicarnor Jerry. A. Griño Mc-26, Unit 405 Pamayanang Diego Silang Village, BCDA, Taguig City	Head	3 years	None
21.	Rommel N. Jotic Unit 5-E, Talas Apartment Condominium 301 Kapilya St., San Miguel, Manila	Head	3 years	None
22.	Rosario Donalyne L. Manigbas 22 Queen's Road, Project 8, Quezon City	Head	3 years	None
23.	Teresita S. Mijares 2943 Lorenzo dela Paz St., Pandacan, Manila	Head	3 years	None
24.	Leonisa S. Sagun L-18, B-10, Phase 18 Paris St., Vista Real Classica, Old Balara, Quezon City	Head	1 year	None
25.	Carmencita H. Salonga 82 12th Ave., 4th St., Grace Park, Caloocan City	Head	3 years	None
26.	Ma. Rolina S. Servitillo 15 Bayabas Road, Gardenville Subd., Pio Cruzcosa, Calumpit, Bulacan	Head	3 years	None
27.	Engr. Ronie U. Siniguan 01 Buenconsejo St., Planview, Mandaluyong City	Head	3 years	None
28.	Bernardita T. Traje B-34, L-10 Adelita St. Evergreen Executive Village, Bo. Bagumbong, Caloocan City	Head	3 years	None
29.	Amelita T. Valencia L-25, B-4, Heritage Homes, Longos Malolos City	Head	3 years	None

30.	Eracisimo C. Veranga 182 Ilang-Ilang St., Alido Subd., Malolos City	Head	3 years	None
31.	Edwin C. Huan 111-C McArthur Highway, Marulas, Valenzuela City	Program Head	3 years	None
32.	Regina A. Jazul L24 B530 Phase 5, Rose St., Heritage Homes, Loma de Gato, Marilao, Bulacan	Acting Program Head	until Oct. 31, 2015	None
32.	Maria Rita D. Lucas 584-C San Andres St., Malate, Manila	Program Head	3 years	None
33.	Ricky R. Rosales 123 Villa Europa Royale Subdivision Panay Ave., Quezon City	Program Head	3 years	None
33.	Crescencia M. Santos L-6, B-5 Queensland Village Novaliches, Quezon City	Program Head	3 years	None
34.	Maricar A. Veranga B4, L35, Sampaguita St., Sta. Rita Village, Guiguinto, Bulacan	Program Head	3 years	None
35.	Shirley S. Wong 27 Scout Madrinan St., South Triangle Quezon City	Program Head	3 years	None

Family Relationships

Mr. Basilio C. Yap and Mr. Benjamin C. Yap are relatives within the second degree of consanguinity likewise Dr. Emilio C. Yap III and Dr. Johnny C. Yap are relatives within the second degree of consanguinity. Mr. Basilio C. Yap and Mr. Benjamin C. Yap who are relatives within the second degree of consanguinity and Dr. Emilio C. Yap III and Dr. Johnny C. Yap who are also within the second degree of consanguinity are relatives within the third degree of consanguinity.

Involvement in Certain Legal Proceedings

The University is not aware of any legal proceeding in the past five (5) years to date involving its directors and officers which are material to the evaluation of the ability and integrity of any director or officer of the University.

No director or officer has been convicted by final judgment during the last five (5) years up to the present of any offense punishable by Philippine laws or by the laws of any other country.

Likewise, the University has no knowledge of pending legal proceedings against any of its directors or executive officers involving: (a) any bankruptcy petition filed by or against any business of which its directors or executive officers is subject; or (b) any judgment or decree permanently or temporarily limiting or suspending their involvement in any type of business, securities, commodities or banking activities; or, (c) any violation of a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

Salaries and Benefits of Executive Officers

Name and Position	Fiscal Year	Annual Salary	Bonus	Other Annual Compensation	Total Compensation
Ma. Cristina D. Padolina, President; Olivia M. Limuaco, VP-Makati Campus; Teresa R. Perez VP-Academic Affairs; Erna V. Yabut, VP-Research & Evaluation; Carlito B. Olaer, VP-Student Affairs	<u>2013-2014</u>	<u>₱ 10,333,764.34</u>	<u>₱ 1,436,067.89</u>	N.A.	<u>₱ 11,769,832.23</u>
	<u>2014-2015</u>	<u>₱ 11,295,485.68</u>	<u>₱ 1,451,895.49</u>	N.A.	<u>₱ 12,747,381.17</u>
	<u>2015-2016***</u>	<u>₱ 11,295,485.68</u>	<u>₱ 1,451,895.49</u>	N.A.	<u>₱ 12,747,381.17</u>

All Officers and Directors as a Group

Name and Position	Fiscal Year	Annual Salary	Bonus	Other Annual Compensation	Total Compensation
All Officers and Directors As a Group	<u>2013-2014</u>				<u>₱ 26,246,338.92</u>
	<u>2014-2015</u>				<u>₱ 26,968,924.05</u>
	<u>2015-2016***</u>				<u>₱ 26,968,924.05</u>

The Directors do not receive compensation for services provided as a director other than reasonable per diems for attendance at meetings of the Board or any of its committees.³

There are no bonuses, profit sharing stock options warrants, rights of other compensation plans or arrangements with directors or officers that will result from their resignation, retirement, termination of employment or change in the control of the University.

The duties and responsibilities of the elected corporate officers are specified in the University's By-laws and/or Manual of Corporate Governance.

Other officers whose duties and responsibilities are set by Management are considered regular employees of the University.

There are no outstanding warrants or options held by the University's President, executive officers and directors.

***Figures are estimated amounts.

³During the stockholders' meeting on July 27, 2004, the stockholders approved the grant of annual medical allowance and related bonuses to the members of the Board of Directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than 5% of the University's shares of stock as of May 31, 2015 were as follows:

Title of Class	Name & Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares held	Percent (%)
Common	USAUTO CO, Inc. 1000 UN Ave., Ermita, Manila Authorized Representative- Basilio C. Yap Relationship to Registrant - Stockholder	USAUTO CO, Inc Authorized Representative – Basilio C. Yap Position - President	Filipino	126,620,891	34.00
Common	U.S. Automotive, Co., Inc. 1000-1046 UN Ave, cor. San Marcelino, Ermita Manila Authorized Representative Basilio C. Yap Relationship to Registrant - Stockholder	U.S. Automotive, Co., Inc. Authorized Representative – Basilio C. Yap Position - President	Filipino	55,963,803	15.02
Common	PCD Nominee Corp. – Filipino	Alejandro C. Dizon Beneficial Owner	Filipino	49,981,575	13.43
Common	Southville Commercial Corporation 403 Topaz St., Posadas Village, Sucat, Muntinlupa City Authorized Representative Petronila G. Mallare Relationship to Registrant - Stockholder	Southville Commercial Corporation Authorized Representative – Petronila G. Mallare Position – President	Filipino	29,686,293	7.97
Aggregate Number of Shares and Percentage of All Beneficial/ Record Owners as a Group				262,252,562	70.41

The proxy designated by the Board of Directors votes for the corporation.

2. Security Ownership of Management

Owners of record of CEU shares among Management as of May 31, 2015 are as follows:

Title of Class	Directors	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Basilio C. Yap (Chairman since April 7)	1001 (d)	Filipino	0.0003
Common	Ma. Cristina D. Padolina	38,316 (d)	Filipino	0.0102
Common	Angel C. Alcala*	1 (d)	Filipino	Nil
Common	Emil Q. Javier*	1 (d)	Filipino	Nil
Common	Benjamin C. Yap	800 (d)	Filipino	0.0002
Common	Alejandro C. Dizon**	50,033,412 (d)	Filipino	13.4348
Common	Emilio C. Yap III	267,173 (d)	Filipino	0.0717
Common	Corazon M. Tiongco	10,108,404 (d)	Filipino	2.7143
Common	Johnny C. Yap	1,000 (d)	Filipino	0.0002
Total		60,450,108 (d)		16.23%

Title of Class	Officers	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Ma. Cristina D. Padolina	38,316 (d)	Filipino	0.0102
Common	Cesar F. Tan	19,735 (d)	Filipino	0.0052
Common	Olivia M. Limuaco	12,153 (d)	Filipino	0.0033
Common	Ma. Flordeliza L. Anastacio	1,302 (d)	Filipino	0.0003
Common	Maria Clara Perlita Erna V. Yabut	4,000 (d)	Filipino	0.0010
Common	Teresa R. Perez	3,226 (d)	Filipino	0.0040
Common	Corazon M. Tiongco	10,108,404 (d)	Filipino	2.71
Common	Bernardita T. Traje	753 (d)	Filipino	0.0001
-	Irineo C. Espino	0 (d)	Filipino	0
-	Rhoda C. Aguilar	0 (d)	Filipino	0
-	Carlito B. Olaer	0 (d)	Filipino	0
Total (excluding shares of Ma. Cristina D. Padolina, and Corazon M. Tiongco)		41,169 (d)		0.0110
Aggregate Number of Shares and Percentage of All Security Ownership of Management as a Group		60,491,277 (d)		16.24%

To the best knowledge of the University, the above lists include shares beneficially owned by the directors and officers.

* Independent Director

**Dr. Alejandro C. Dizon has 51,837 shares registered in his name in addition to 49,981,575 shares Lodged with PCD Nominee Corporation.

Item 12. Certain Relationship and Related Transactions

The University entered into a 25-year lease contract with Philtrust Bank on July 29, 2004. The lease covers the use of Philtrust Bank's land, building and improvements thereon located at 259-263 Sen. Gil Puyat Avenue and Malugay Street, Makati City. The lease commenced on January 1, 2005 for the operation of the CEU-Makati Extension Campus for school year 2005-2006. Lease of the building from Philtrust Bank Building is for the exclusive purpose of maintaining and operating an extension campus in Makati City, and to conduct therein all such activities necessary to provide adequate educational instruction and other services to its students, including authorized extra-curricular activities.

The consideration for the lease was principally based on the valuation of the property by Asian Appraisal, Inc. and on the financial advisory by Buenaventura, Echauz and Partners. Except for the respective parties' covenants under said lease contract between CEU and Philtrust Bank, there is no further contractual or other commitment resulting from the arrangement that would pose any risk or contingency. There are no other parties involved in this transaction.

The University, in line with its expansion program and for marketing purposes, avails of advertising services of Manila Bulletin Publishing Corporation. The terms of said advertising transactions are based on terms similar to those offered to non-related parties.

For a more detailed discussion on related party transactions, please see Note 20 of the attached Audited Financial Statements for fiscal year ending March 31, 2015.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The University has complied with the provisions of its Manual on Corporate Governance. Continuous monitoring is being done by the Compliance Officer, Audit Committee, President and Chief Financial Officer and Internal Auditor to assure compliance.

In compliance with SEC Memorandum Circular No. 2, s. 2007, the University submitted its duly accomplished Corporate Governance Scorecard and supporting documents.

On February 13, 2008, the members of the Board of Directors as well as top and middle management officers attended a seminar on corporate governance conducted by the Institute of Corporate Directors (ICD) in compliance with the requirement contained in its Manual on Corporate Governance, adopted pursuant to SEC Memorandum Circular No. 2, s. 2002.

On May 27, 2009, CEU received recognition as one of the top 15 publicly-listed corporations with the highest scores in the ICD 2008 Corporate Governance Scorecard, Silver Category.

On March 21, 25 and 26, 2013, Dr. Ricardo F. de Leon, Director attended the Professional Directors Program, a roundtable discussion sponsored by the Institute of Corporate Directors.

The University has not deviated from its Manual since the time of the self-rating process previously conducted and reported to the Securities and Exchange Commission through the Corporate Governance Self-Rating Form (CG-SRF) submitted in November 2011.

In October 2012, The Audit Committee reported on the results of the self-assessment based on the guidelines prescribed in SEC Memorandum Circular No. 4 (series of 2012). The Committee discussed that the Committee charter should include the following: (1) succession plan for its members and chair; (2) whistle-blower program; (3) Business Continuity Plan; and (4) Code of Conduct for Management Discussion on such plans and programs are on-going.

In 2013, CEU complied with the SEC requirement to post its Annual Corporate Governance Report in the University's website.

On October 18, 2014, the Board of Directors attended seminar on Corporate Governance conducted by the Institute of Corporate Directors (ICD).

CEU adheres to governance principles and best practices to attain its objectives. A system has been established to monitor and evaluate the performance of the University and its Management and CEU is committed. The University is committed to consistently abide by and ensure improved compliance with the requirements of good corporate governance.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits:

- Exhibit 1 Consolidated Financial Statements and Schedules

- Exhibit 2 Quarterly Report (SEC Form 17-Q)
(Please refer to the SEC Form 17-Q previously filed with the SEC.)

Reports on SEC Form 17-C:

(Please refer to the SEC Form 17-C previously filed with the SEC for the following disclosures.)

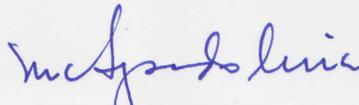
April 1, 2014	PSE Corporate Governance Guidelines Disclosure for Listed Companies

April 25, 2014	Resignation, Removal or Election of Registrant's Directors or Officers (Election of Mr. Basilio C. Yap, Member and Chairman of the Board)
May 30, 2014	Deadline of Submission for Nominees of Independent Director
June 27, 2014	Nominees of Independent Directors
July 22, 2014	Resignation, Removal or Election of Registrant's Directors or Officers
July 22, 2014	Results of Annual Stockholders' Meeting
July 22, 2014	Declaration of Cash Dividend
July 22, 2014	Resignation, Removal or Election of Registrant's Directors or Officers
July 25, 2014	Resignation, Removal or Election of Registrant's Directors or Officers
July 25, 2014	Results of Organizational Meeting

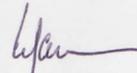
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Manila on July 15, 2015.

By:



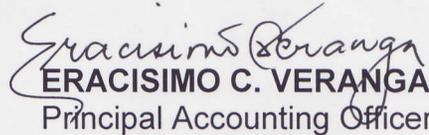
MA. CRISTINA D. PADOLINA
Principal Executive Officer



CESAR F. TAN
Principal Financial Officer



IRINEO C. ESPINO
Principal Operating Officer



ERACISIMO C. VERANGA
Principal Accounting Officer

JUL 14 2015

SUBSCRIBED AND SWORN TO before me this _____ day of July, 2015, affiants exhibiting to me their respective Philippine Passport Numbers, as follows:

NAME	PASSPORT	DATE ISSUED	PLACE OF ISSUE
Ma. Cristina D. Padolina	EB7351368	Feb. 11, 2013	Manila
Irineo C. Espino	EB5304571	May 5, 2012	Manila
Cesar F. Tan	EC1088843	May 14, 2014	Manila
Eracisimo C. Veranga	EC2127809	Sept. 17, 2014	Manila

NOTARY PUBLIC

Doc. No. 128
Page No. 27
Book No. XLVIII
Series of 2015.


ATTY. HENRY D. ADASA
Notary Public, City of Manila
Comm. No. 2014-162 until Dec. 31, 2015
S.C. Roll No. 23379
FRC Bldg. Taft P. Gil st., Malate **MLA**
IBP No. 939450 01/05/15 **Z.N.**
PTR No. 3824852/ 01/05/15 **MLA**
MCLE Compliance No. 131-002345



CENTRO ESCOLAR UNIVERSITY

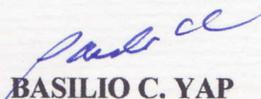
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Centro Escolar University (CEU) is responsible for the preparation and fair presentation of the financial statements for the years ended March 31, 2015 and 2014 including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. Management responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

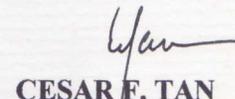
The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip, Gorres, Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.

Signed this 7th day of July, 2015.


BASILIO C. YAP
Chairman


MA. CRISTINA D. PADOLINA
President/Vice Chairman

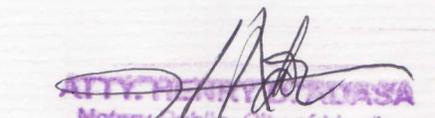

CESAR F. TAN
Treasurer

JUL 07 2015

SUBSCRIBED AND SWORN TO before me this _____ day of _____, 2015, affiants exhibiting to me their respective Philippine Passports as follows:

	<u>Passport No.</u>	<u>Date and Place of Issue</u>
BASILIO C. YAP	EB0905297	September 8, 2010, Manila
MA. CRISTINA D. PADOLINA	EB7351368	February 11, 2013, Manila
CESAR F. TAN	EC1088843	May 14, 2014, Manila

Doc. No. 124
Page No. 4
Book No. XLVIII
Series of 2015


ATTY. RITA M. OLIVERA
Notary Public, City of Manila
Comm. No. 2014-162 until Dec. 31, 2015
S.C. Roll No. 23679
FRC Bldg. Taft P. Gil st., Malate MLA
IBP No. 930450 01/05/15 Z.N.
PTR No. 3824852/ 01/05/15 MLA
MCLE Compliance No. 111-002346



• CHED Center of Excellence in Teacher Education • CHED Center of Development in Business Education • HIGHEST NUMBER of programs at HIGHEST LEVEL of accreditation, Level IV, by PACUCOA certified by FAAP: Biology, Psychology, Pharmacy, Business Administration, Dentistry, Optometry, Nutrition and Dietetics, Liberal Arts (Mass Communication and Political Science), Education, and Medical Technology

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	1	0	9	3
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Company Name

C	E	N	T	R	O		E	S	C	O	L	A	R		U	N	I	V	E	R	S	I	T	Y		A	N	D
S	U	B	S	I	D	I	A	R	I	E	S																	

Principal Office (No./Street/Barangay/City/Town/Province)

9		M	E	N	D	I	O	L	A		S	T	R	E	E	T	,		S	A	N		M	I	G	U	E	L	,
		M	A	N	I	L	A																						

Form Type

A	A	F	S
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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

cftan@ceu.edu.ph

Company's Telephone Number/s

735-5991

Mobile Number

—

No. of Stockholders

1,062

Annual Meeting
Month/Day

7/22

Fiscal Year
Month/Day

3/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Cesar F. Tan

Email Address

cftan@ceu.edu.ph

Telephone Number/s

735-5991

Mobile Number

—

Contact Person's Address

9 Mendiola Street, San Miguel, Manila
--

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

We have audited the accompanying consolidated financial statements of Centro Escolar University and Subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2015 and 2014, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Centro Escolar University and Subsidiaries as at March 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended March 31, 2015, in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Josephine Adrienne A. Abarca

Partner

CPA Certificate No. 92126

SEC Accreditation No. 0466-AR-2 (Group A),

February 4, 2013, valid until February 3, 2016

Tax Identification No. 163-257-145

BIR Accreditation No. 08-001998-61-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 4751251, January 5, 2015, Makati City

June 26, 2015



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱516,443,049	₱353,279,440
Tuition and other receivables (Note 5)	39,465,662	21,734,637
Inventories (Note 6)	7,701,756	9,237,263
Other current assets (Note 7)	1,401,983	362,227
Total Current Assets	565,012,450	384,613,567
Noncurrent Assets		
Property and equipment (Note 8)		
At revalued amount	1,650,056,499	1,650,056,499
At cost	1,292,395,315	1,277,085,595
Other assets (Note 9)	14,605,676	30,572,731
Total Noncurrent Assets	2,957,057,490	2,957,714,825
	₱3,522,069,940	₱3,342,328,392
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 10)	₱265,771,423	₱236,843,631
Dividends payable (Note 12)	174,102,976	96,652,449
Current portion of long-term liability (Note 11)	40,000,000	40,000,000
Income tax payable	20,366,743	14,395,524
Total Current Liabilities	500,241,142	387,891,604
Noncurrent Liabilities		
Noncurrent portion of long-term liability (Note 11)	34,675,786	67,148,366
Deferred tax liabilities - net (Note 17)	236,259,567	228,062,729
Retirement liability (Note 16)	199,614,908	198,179,355
Total Noncurrent Liabilities	470,550,261	493,390,450
Total Liabilities	970,791,403	881,282,054
Equity		
Equity Attributable to Equity Holders of the University		
Capital stock (Note 12)	372,414,400	372,414,400
Additional paid-in capital	664,056	664,056
Retained earnings (Note 12)		
Appropriated	786,000,000	450,000,000
Unappropriated	170,483,967	421,381,927
Revaluation increment on land - net (Note 8)	1,315,441,022	1,315,441,022
Remeasurement loss on retirement obligation (Note 16)	(95,067,013)	(100,300,119)
Revaluation reserve on available-for-sale investments (Note 9)	200,090	191,018
	2,550,136,522	2,459,792,304
Equity Attributable to Non-controlling Interests in a Consolidated Subsidiary		
	1,142,015	1,254,034
Total Equity	2,551,278,537	2,461,046,338
	₱3,522,069,940	₱3,342,328,392

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended March 31		
	2015	2014	2013
REVENUES			
Tuition and other school fees (Note 13)	₱1,661,937,386	₱1,576,075,453	₱1,470,248,482
Miscellaneous income (Note 14)	35,719,420	27,254,472	26,393,292
	1,697,656,806	1,603,329,925	1,496,641,774
COSTS AND EXPENSES			
Costs of services (Note 15)	1,128,004,931	1,108,613,676	995,127,802
General and administrative expenses (Note 15)	171,496,362	153,239,344	163,018,774
Loss on retirement of assets (Note 8)	2,906,885	709,726	238,683
Provision for impairment losses (Note 8)	–	–	5,294,724
	1,302,408,178	1,262,562,746	1,163,679,983
INCOME BEFORE OTHER INCOME (EXPENSE) AND INCOME TAX	395,248,628	340,767,179	332,961,791
OTHER INCOME (EXPENSES)			
Interest expense (Note 11)	(7,527,405)	(10,406,617)	(13,023,850)
Interest income (Note 4)	5,657,474	4,224,175	6,512,411
Foreign currency exchange gains (losses) - net	2,182	1,715,947	(980,582)
	(1,867,749)	(4,466,495)	(7,492,021)
INCOME BEFORE INCOME TAX	393,380,879	336,300,684	325,469,770
PROVISION FOR INCOME TAX (Note 17)	47,700,778	34,871,642	34,841,840
NET INCOME	₱345,680,101	₱301,429,042	₱290,627,930
Attributable to:			
Equity holders of the University	₱345,792,120	₱301,425,008	₱290,627,930
Non-controlling interests	(112,019)	4,034	–
	₱345,680,101	₱301,429,042	₱290,627,930
Basic/Diluted Earnings Per Share (Note 22)	₱0.93	₱0.81	₱0.78

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended March 31		
	2015	2014	2013
NET INCOME	₱345,680,101	₱301,429,042	₱290,627,930
OTHER COMPREHENSIVE INCOME (LOSS)			
Item to be reclassified to profit or loss			
Change in revaluation reserve on available-for-sale investments (Note 9)	9,072	(18,576)	20,736
Items not to be reclassified to profit or loss			
Revaluation increment on land (Note 8 and 21)	–	34,282,499	46,610,000
Income tax effect (Note 17)	–	(3,428,250)	(4,661,000)
	–	30,854,249	41,949,000
Remeasurement gain (loss) on retirement obligation (Note 16)	5,814,562	6,793,096	(51,595,173)
Income tax effect (Note 17)	(581,456)	(679,309)	5,159,517
	5,233,106	6,113,787	(46,435,656)
	5,233,106	36,968,036	(4,486,656)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	5,242,178	36,949,460	(4,465,920)
TOTAL COMPREHENSIVE INCOME	₱350,922,279	₱338,378,502	₱286,162,010
Attributable to:			
Equity holders of the University	₱351,034,298	₱338,374,468	₱286,162,010
Non-controlling interests	(112,019)	4,034	–
	₱350,922,279	₱338,378,502	₱286,162,010

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the University								Equity Attributable to Non-controlling Interests in a Consolidated Subsidiary	Total Equity
	Capital Stock	Additional Paid-in Capital	Retained Earnings (Note 12)		Revaluation Increment on Land (Note 8)	Remeasurement Loss on Retirement Obligation (Note 16)	Revaluation Reserve on Available- for-sale Investments (Note 9)	Total		
			Appropriated	Unappropriated						
Balances at April 1, 2014	₱372,414,400	₱664,056	₱450,000,000	₱421,381,927	₱1,315,441,022	(₱100,300,119)	₱191,018	₱2,459,792,304	₱1,254,034	₱2,461,046,338
Net income	-	-	-	345,792,120	-	-	-	345,792,120	(112,019)	345,680,101
Other comprehensive income	-	-	-	-	-	5,233,106	9,072	5,242,178	-	5,242,178
Cash dividends (Note 12)	-	-	-	(260,690,080)	-	-	-	(260,690,080)	-	(260,690,080)
Appropriation of retained earnings (Note 12)	-	-	336,000,000	(336,000,000)	-	-	-	-	-	-
Balances at March 31, 2015	₱372,414,400	₱664,056	₱786,000,000	₱170,483,967	₱1,315,441,022	(₱95,067,013)	₱200,090	₱2,550,136,522	₱1,142,015	₱2,551,278,537
Balances at April 1, 2013	₱372,414,400	₱664,056	₱450,000,000	₱343,405,559	₱1,284,586,773	(₱106,413,906)	₱209,594	₱2,344,866,476	₱-	₱2,344,866,476
Establishment of CE-IS	-	-	-	-	-	-	-	-	1,250,000	1,250,000
Net income	-	-	-	301,425,008	-	-	-	301,425,008	4,034	301,429,042
Other comprehensive income (loss)	-	-	-	-	30,854,249	6,113,787	(18,576)	36,949,460	-	36,949,460
Cash dividends (Note 12)	-	-	-	(223,448,640)	-	-	-	(223,448,640)	-	(223,448,640)
Balances at March 31, 2014	₱372,414,400	₱664,056	₱450,000,000	₱421,381,927	₱1,315,441,022	(₱100,300,119)	₱191,018	₱2,459,792,304	₱1,254,034	₱2,461,046,338
Balances at April 1, 2012	₱372,414,400	₱664,056	₱450,000,000	₱332,088,429	₱1,242,637,773	(₱59,978,250)	₱188,858	₱2,338,015,266	₱-	₱2,338,015,266
Net income	-	-	-	290,627,930	-	-	-	290,627,930	-	290,627,930
Other comprehensive income (loss)	-	-	-	-	41,949,000	(46,435,656)	20,736	(4,465,920)	-	(4,465,920)
Cash dividends (Note 12)	-	-	-	(279,310,800)	-	-	-	(279,310,800)	-	(279,310,800)
Balances at March 31, 2013	₱372,414,400	₱664,056	₱450,000,000	₱343,405,559	₱1,284,586,773	(₱106,413,906)	₱209,594	₱2,344,866,476	₱-	₱2,344,866,476

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended March 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱393,380,879	₱336,300,684	₱325,469,770
Adjustments for:			
Depreciation and amortization (Notes 8 and 15)	84,251,580	80,633,122	80,023,388
Provision for credit and impairment losses (Notes 5, 8 and 15)	15,266,730	9,192,995	17,951,349
Interest expense (Note 11)	7,527,405	10,406,617	13,023,850
Movement in retirement liability (Note 16)	7,250,115	8,976,951	35,027
Interest income (Notes 4 and 20)	(5,657,474)	(4,224,175)	(6,512,411)
Loss on retirement of assets (Note 8)	2,906,885	709,726	238,683
Unrealized foreign exchange losses (gains) - net	(2,182)	(1,715,947)	980,582
Operating income before changes in operating assets and liabilities	504,923,938	440,279,973	431,210,238
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Tuition fee and other receivables	(32,930,153)	(4,303,723)	(14,431,609)
Inventories	1,535,507	(843,020)	(938,922)
Other current assets	(1,039,756)	1,094,175	2,001,363
Increase in accounts payable and accrued expenses	28,927,792	17,968,852	36,564,128
Net cash generated from operations	501,417,328	454,196,257	454,405,198
Income taxes paid	(34,114,177)	(33,419,480)	(32,896,151)
Interest received	5,589,887	4,389,310	6,276,950
Net cash provided by operating activities	472,893,038	425,166,087	427,785,997
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Note 8)	(102,468,185)	(55,925,103)	(64,590,267)
Increase (decrease) in other assets	15,976,127	(19,179,802)	(2,385,695)
Proceeds from sale of property and equipment	-	-	15,000
Net cash used in investing activities	(86,492,058)	(75,104,905)	(66,960,962)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of cash dividends (Note 12)	(183,239,553)	(216,263,640)	(271,600,548)
Payments of long-term liability (Note 11)	(40,000,000)	(40,000,000)	(40,000,000)
Cash used in financing activities	(223,239,553)	(256,263,640)	(311,600,548)
EFFECT OF FOREIGN CURRENCY RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	2,182	1,715,947	(980,582)
NET INCREASE IN CASH AND CASH EQUIVALENTS	163,163,609	95,513,489	48,243,905
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	353,279,440	257,765,951	209,522,046
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱516,443,049	₱353,279,440	₱257,765,951

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The accompanying consolidated financial statements include the accounts of Centro Escolar University (the University), Centro Escolar University Hospital, Inc. (the Hospital), a wholly-owned subsidiary, and Centro Escolar Integrated School (CE-IS), a 90%-owned subsidiary, (collectively referred to as the Group).

The University, a publicly listed entity, was organized in the Philippines on June 3, 1907 to establish, maintain, and operate an educational institution or institutions for the instruction and training of the youth in all branches of the arts and sciences, offering classes in tertiary level. The University renewed its corporate life for another fifty (50) years on March 31, 1994.

In accordance with Commission on Higher Education (CHED) Memorandum Order No. 32, the University's Mendiola and Makati campuses were granted autonomy status to be in force and in effect for five (5) years from November 15, 2007 to November 14, 2012 per Resolution Nos. 087-2012 and 148-2012. Private Higher Education Institutions (HEIs) granted autonomous status in 2007 to 2009 and deregulated status in 2009 and 2010 shall retain their respective status until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015. Under this existing autonomy status, the University is free from monitoring and evaluation activities of the CHED and has the privilege to determine and prescribe curricular programs, among other benefits as listed in the memorandum order. The three general criteria used by the CHED for the selection and identification of institutions which shall receive autonomy status are as follows:

- a. Institutions established as centers of excellence or centers of development and/or with Federation of Accrediting Agencies of the Philippines Level III Accredited programs;
- b. With outstanding overall performance of graduates in the government licensure examinations; and,
- c. With long tradition of integrity and untarnished reputation.

The University's Malolos campus was granted autonomous status for a period of five (5) years effective November 15, 2009 to November 14, 2014 per Resolution Nos. 087-2012 and 148-2012. Such autonomous status was extended until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015.

The registered principal office of the University is at 9 Mendiola Street, San Miguel, Manila.

The University incorporated the Hospital on June 10, 2008. The primary purpose of the Hospital is to establish, maintain and operate a hospital, medical and clinical laboratories and such other facilities that shall provide healthcare or any method of treatment for illnesses or abnormal physical or mental health in accordance with advancements in modern medicine and to provide education and training facilities in the furtherance of the health-related professions. The registered principal office of the Hospital is at 103 Esteban corner Legaspi Streets, Legaspi Village, Makati City. As at June 26, 2015, the Hospital has not yet started operations.

CE-IS was incorporated on July 24, 2013 and is a learning institution which offers pre-school, primary and secondary education. The principal place of business of CE-IS is located at Km 44 MacArthur Highway, Longos, Malolos City.



The accompanying consolidated financial statements were approved and authorized for issue by the University's Board of Directors (BOD) on June 26, 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for land classified as 'Property and equipment' that is measured at revalued amount, and available-for-sale (AFS) investments that are measured at fair value.

The accompanying consolidated financial statements are presented in Philippine Peso (₱ or Peso), which is also the University's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Consolidated Financial Statements

The Group presents its assets and liabilities in the consolidated statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for trading;
- Expected to be realized within twelve (12) months after the reporting period; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for trading;
- It is due to be settled within twelve (12) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the University and its subsidiaries as at March 31, 2015. Control is achieved when the University is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those



returns through its power over the investee. Specifically, the University controls an investee if, and only if, the University has:

- Power over the investee (that is, existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the University has less than a majority of the voting or similar rights of an investee, the University considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The University's voting rights and potential voting rights

The University reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three (3) elements of control. Consolidation of a subsidiary begins when the University obtains control over the subsidiary and ceases when the University loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the University gains control until the date the University ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the University's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Derecognizes the related other comprehensive income (OCI) and recycle the same to the consolidated statements of income or retained earnings;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained; and
- Recognizes any surplus or deficit in the consolidated statements of income.

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and the net assets not held by the University and are presented separately in the consolidated statements of income, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to the equity holders of the University. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.



Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretation, which became effective beginning April 1, 2014. Unless otherwise indicated, the adoption of these new and amended standards and interpretation did not have material impact on the financial position or financial performance of the Group.

Philippine Accounting Standards (PAS) 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)

These amendments clarify the meaning of ‘currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively.

PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Nonfinancial Assets* (Amendments)

These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.

PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10, *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL).

Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

Annual Improvements to PFRS (2010-2012 Cycle)

In the 2010-2012 Annual Improvements Cycle, seven (7) amendments to six (6) standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

In the 2011-2013 Annual Improvements Cycle, four (4) amendments to four (4) standards were issued, which included an amendment to PFRS 1, *First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity’s first PFRS financial statements.



Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in Peso based on the exchange rates prevailing at the transaction dates. Foreign currency-denominated monetary assets and liabilities are translated in Peso based on the Philippine Dealing System (PDS) closing rate prevailing at the reporting date, and foreign currency-denominated income and expenses, based on PDS Weighted Average Rate (PDSWAR) for the period. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency-denominated monetary assets or liabilities are credited to or charged against the consolidated statements of income in the period in which the rates changed. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placements and are subject to insignificant risks of changes in value.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using trade date accounting. Trade date accounting refers to:

- a. The recognition of an asset to be received and the liability to pay for it on the trade date; and
- b. Derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Initial recognition

All financial instruments are initially measured at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments which are classified at FVPL. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. The financial liabilities are classified as financial liabilities at FVPL and other financial liabilities carried at amortized cost. The classification depends on the purpose for which the financial instruments are acquired and whether they are quoted in an active market, and for HTM financial assets, the ability and intention to hold the investment until maturity. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of March 31, 2015 and 2014, the Group has no financial asset or liability at FVPL and HTM investments.

'Day 1' difference

Where the transaction price in a non-active market is different with the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value ('Day 1' difference) in the consolidated statements of income. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statements of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market other than those:

- That the Group intends to sell immediately or in the near term and those that the Group, upon initial recognition, designates as at FVPL;
- That the Group, upon initial recognition, designates as AFS; and



- For which the Group may not cover substantially all of its investment, other than because of credit deterioration.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for doubtful accounts. Amortization is determined using the effective interest method and is included under 'Interest income' in the consolidated statements of income. The losses arising from impairment are recognized in 'Provision for impairment losses' in the consolidated statements of income.

This accounting policy relates to the financial position caption 'Tuition and other receivables.'

AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirement or changes in market conditions.

After initial measurement, AFS investments are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS investments are recognized, net of tax, in the consolidated statements of comprehensive income as 'Change in revaluation reserve on available-for-sale investments.'

When the fair value of AFS investments cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted AFS investments, these investments are carried at cost, less any allowance for impairment losses.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in Others under 'Miscellaneous income' in the consolidated statements of income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a weighted average basis.

Dividends earned on holding AFS investments are recognized in Others under 'Miscellaneous income' in the consolidated statements of income when the right of the payment has been established. The losses arising from impairment of such investments are recognized as 'Provision for impairment losses' in the consolidated statements of income.

The Group's AFS investments pertain to quoted and unquoted equity investments.

Other financial liabilities carried at amortized cost

These are issued financial instruments or their components, which are not designated as at FVPL and where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, financial liabilities not qualified and not designated as at FVPL are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate (EIR).



This accounting policy relates to the financial position captions ‘Accounts payable and accrued expenses,’ ‘Dividends payable’ and ‘Long-term liability.’

Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or the group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original EIR (that is, the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly (write-off) or through the use of an allowance account. The amount of the loss is recognized under ‘Provision for impairment losses’ in the consolidated statements of income.

Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. If a write-off is later recovered, the recovery is credited to Other fees under ‘Tuition and other school fees’ in the consolidated statements of income.

This policy applies to the Group’s tuition and other receivables. The Group impairs its receivables through the use of an allowance account.

AFS investments

In the case of equity investments classified as ‘AFS investments,’ objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statements of income - is removed from



equity and recognized in the consolidated statements of income. Impairment losses on equity investments are not reversed through the consolidated statements of income. Increases in fair value after impairment are recognized directly in the consolidated statements of comprehensive income.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of financial assets) is derecognized (that is, removed from the Group's consolidated statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either:
 - a. The Group has transferred substantially all the risks and rewards of the asset; or
 - b. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the consolidated statements of income unless required or permitted by any accounting standard or interpretation and as specifically disclosed in the accounting policies of the Group.

This is not generally the case with master-netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.



Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less costs of marketing and distribution. The cost includes the invoice amount, freight and other incidental costs and is determined using the first-in, first-out method.

Property and Equipment

Property and equipment, except for land, are carried at cost, less accumulated depreciation and amortization and accumulated allowance for impairment losses. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Land is carried at revalued amount. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus, net of tax effect, is presented in OCI except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the consolidated statements of income, in which case, the increase is recognized in the consolidated statements of income. A revaluation decrease is recognized in the consolidated statements of income, except to the extent that it offsets an existing surplus on the same asset presented in OCI.

Construction in progress, included in property and equipment, is stated at cost. Construction in progress is not depreciated until such time that the relevant assets are completed and become available for intended use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged against the consolidated statements of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation of property and equipment is computed using the straight-line method over ten (10) years, except for buildings, which are depreciated over fifty (50) years. Leasehold improvements are amortized over ten (10) years or the lease term, whichever is shorter.

The useful life and depreciation and amortization method are reviewed at least at each reporting date and adjusted prospectively, if appropriate.

Fully depreciated property and equipment are retained in the accounts until these are no longer used and no further depreciation and amortization is charged to the consolidated statements of income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset by sale (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) and by write off, is recognized under 'Miscellaneous income' and 'Loss on retirement of assets,' respectively, in the consolidated statements of income in the year the asset is derecognized.



Impairment of Nonfinancial Assets

An assessment is made at each reporting date whether there is any indication of impairment of property and equipment, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's or CGU's value in use or its fair value less cost to sell. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is assessed as part of the CGU to which it belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU). In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is recognized only if the carrying amount of an asset (or CGU) exceeds its recoverable amount. An impairment loss is charged against the consolidated statements of income in the period in which it arises, unless the asset (or CGU) is carried at a revalued amount, in which case, the impairment loss is charged against the revaluation increment of the said asset (or CGU).

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset (or CGU), but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is credited to current consolidated statements of income, unless the asset (or CGU) is carried at revalued amount, in which case, the reversal of the impairment loss is credited to the revaluation increment of the said asset (or CGU).

Other Assets

Advances to suppliers and contractors

Advances to suppliers and contractors represent amounts paid to suppliers and contractors for purchases not yet received as of reporting date. This is subsequently reversed to asset or expense accounts when the goods or services are received.

Prepayments

Prepayments are initially measured at the amounts paid and subsequently recognized as expense over the period in which the prepayments apply.

Equity

Capital stock is measured at par value for all shares issued. When the University issues more than one (1) class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received.

Retained earnings represent accumulated earnings of the Group less dividends declared.



Revenue Recognition

Revenue is recognized when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. Revenue is measured at the fair value of consideration received. The Group has determined that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Tuition and other school fees, excluding income from other school services

Tuition and other school fees, excluding income from other school services, are recognized as income when earned over the corresponding school term.

Income from other school services and miscellaneous income

Revenue is recognized when services are rendered or goods are delivered.

Interest income

Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Rental income

Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is recorded in the consolidated statements of income under 'Miscellaneous income.'

Expense Recognition

Expenses are recognized in the consolidated statements of income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the consolidated statements of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Retirement Benefits

The Group operates a defined benefit retirement plan which requires contribution to be made to a separately administered fund.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method.



Retirement expense comprises the following:

- Service cost; and
- Net interest on the retirement liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statements of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by the independent qualified actuary.

Net interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Net interest on the retirement liability is recognized as an expense or income in the consolidated statements of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on the retirement liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the consolidated statements of income in subsequent periods.

The retirement liability is the aggregate of the present value of defined benefit obligation at the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net retirement asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Income Taxes

Income tax on income or loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in the consolidated statements of income, except to the extent that it relates to items recognized directly in equity, in which case, the tax effect is recognized in the consolidated statements of comprehensive income.

Current tax

Current tax assets and current tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the reporting date.



Deferred tax

Deferred tax is provided or recognized in full for all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date, except:

- a. Where the deferred tax asset or liability relating to the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- b. In respect of temporary differences associated with investments in subsidiaries, deferred tax is provided or recognized where the timing of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d, and at the date of renewal or extension period for scenario b.



Group as Lessor

Leases where the Group does not transfer all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and are recognized over the lease term on the same basis as the rental income. Operating lease payments are recognized in the consolidated statements of income. Any rental payments are accounted for on a straight-line basis over the lease term and included under 'Miscellaneous income' in the consolidated statements of income. Contingent rentals are recognized as revenue in the period in which they are earned.

Group as Lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as Rental under 'Cost of services' in the consolidated statements of income on a straight-line basis over the lease term. Contingent rental payable is recognized as expense in the period in which it is incurred.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the geographic locations, designated as the Group's branches, with each segment representing a strategic business unit that offers varying courses depending on demands of the market. Financial information on business segments is presented in Note 19.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing net income by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive potential common shares.

Provisions

A provision is recognized only when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and, a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but they are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period

Post year-end events up to the date of approval of the BOD of the consolidated financial statements that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.



Future Changes in Accounting Policies

Standards issued but are not yet effective up to the date of issuance of the consolidated financial statements are listed below. This is a listing of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretation to have significant impact on the consolidated financial statements.

PFRS 9, Financial Instruments - Classification and Measurement (2010 Version)

PFRS 9 (2010 Version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and financial liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 Version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine Securities and Exchange Commission and the FRSC have deferred the effectivity of this interpretation until the final revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Effective January 1, 2015

PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)

PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.



Annual Improvements to PFRS (2010-2012 Cycle)

The Annual Improvements to PFRS (2010-2012 Cycle) include:

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.
- PAS 24, *Related Party Disclosures - Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.
- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
 - A performance condition must contain a service condition.
 - A performance target must be met while the counterparty is rendering service.
 - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
 - A performance condition may be a market or non-market condition.
 - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.
- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*.
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that:
 - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (for example, sales and gross margins) used to assess whether the segments are 'similar'.
 - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.



Annual Improvements to PFRS (2011-2013 Cycle)

The Annual Improvements to PFRS (2011-2013 Cycle) include:

- *PAS 40, Investment Property*
The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (that is, property, plant and equipment).
- *PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
 - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
 - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- *PFRS 13, Fair Value Measurement - Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts.

Effective January 1, 2016

PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are applied prospectively, with early adoption permitted.

PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments)

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are applied retrospectively, with early adoption permitted.

PAS 27, Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively, with early adoption permitted. For first-time adopters



of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS.

PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

PFRS 11, Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
(Amendments)

The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively, with early adoption permitted.

PFRS 14, Regulatory Deferral Accounts

PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the consolidated statements of financial position and present movements in these account balances as separate line items in the consolidated statements of income and OCI. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

Annual Improvements to PFRS (2012-2014 Cycle)

The Annual Improvements to PFRS (2012-2014 Cycle) include:

- *PAS 19, Employee Benefits - Regional Market Issue Regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- *PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no



interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

Effective January 1, 2018

PFRS 9, *Financial Instruments - Hedge Accounting* and Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 Version)

PFRS 9 (2013 Version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for nonfinancial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 Version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

PFRS 9, *Financial Instruments* (2014 or Final Version)

In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.



Standard issued by the IASB but have not yet been adopted by the FRSC

IFRS 15, Revenue from Contracts with Customers

IFRS 15 was issued by IASB in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable. Estimates and judgments 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.

Judgments

In the process of applying the Group's accounting policies, management has made the judgment below apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Operating leases

- **Group as Lessor**

The University has entered into commercial property leases on its Mendiola campus. The Group has determined, based on an evaluation of the terms and conditions of the arrangements (that is, the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties. Thus, the leases are classified as operating leases.
- **Group as Lessee**

The University has entered into a lease on premises it uses for its Makati-Buendia campus. The University has determined, based on an evaluation of the terms and conditions of the arrangement (that is, the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that not all significant risks and rewards of ownership of the properties have been transferred to the University. Thus, the lease is classified as operating lease.



Contingencies

The University is currently involved in a tax assessment from the City Treasurer's Office. The estimate of the probable cost for the resolution of claims has been developed based upon an analysis of potential results. The University currently does not believe that this tax assessment will have a material effect on the University's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to this tax assessment.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of allowance for doubtful accounts

The Group maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of the allowance for doubtful accounts is evaluated by management on the basis of factors affecting the collectibility of the receivables. In addition, a review of the age and status of receivables, designed to identify accounts to be provided with allowance, is made on a continuous basis.

The carrying values of tuition and other receivables and allowance for doubtful accounts are disclosed in Note 5.

Impairment of property and equipment

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant or prolonged decline in the fair value of the asset;
- Increase in market interest rates or other market rates of return on investments during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

The carrying values of property and equipment and accumulated allowance for impairment losses are disclosed in Note 8.

Estimation of useful lives of property and equipment

The Group estimates the useful lives of its property and equipment based on the expected usage and expected wear and tear. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The estimated useful lives of property and equipment are disclosed in Note 2.



Revaluation of land

The fair value of the Group's land at revalued amount was based on a third party appraisal with effective dates of valuation of March 31, 2014 for land located in Manila and Malolos City, and March 31, 2013 for land located in Makati City, using sales comparison approach. Management believes the fair value of the Group's land at revalued amount did not significantly change as at March 31, 2015. Key assumptions used by the independent appraiser are disclosed in Note 23.

The revalued amount of land included under 'Property and equipment' in the consolidated statements of financial position is disclosed in Note 8.

Retirement obligation

The cost of the defined benefit retirement plan and the present value of defined benefit obligation are determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the complexity of the actuarial valuation, the underlying assumptions and long-term nature of this plan, such estimates are subject to significant uncertainty. All significant assumptions are reviewed at each reporting date.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at reporting date. Future salary increases are based on expected future inflation rates.

The present value of defined benefit obligation and details about the significant assumptions used are disclosed in Note 16.

Recognition of deferred income taxes

Deferred tax assets are recognized for all deductible temporary differences and unused NOLCO to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused NOLCO can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of future taxable income indicate that certain temporary differences will be realized in the future.

The recognized net deferred tax liabilities and unrecognized deferred tax assets of the Group are disclosed in Note 17.

4. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand and in banks	₱146,564,470	₱137,373,941
Short-term deposits	369,878,579	215,905,499
	₱516,443,049	₱353,279,440



Cash in banks earned annual interest ranging from 0.25% to 0.50% in 2015 and 2014, and from 0.50% to 1.00% in 2013. Short-term deposits are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earned interest ranging from 0.70% to 2.10% in 2015, from 1.25% to 3.25% in 2014, and from 2.08% to 3.60% in 2013. Interest income from cash in banks and short-term deposits amounted to ₱5.66 million in 2015, ₱4.22 million in 2014 and ₱6.51 million in 2013.

5. Tuition and Other Receivables

This account consists of:

	2015	2014
Tuition fee receivables	₱57,780,567	₱28,300,748
Accrued interest receivables	255,557	187,970
Others:		
Advances to employees	8,775,395	5,369,355
Advances to CE-IS stockholders (Note 20)	1,250,000	1,250,000
Accrued rent receivable	302,676	258,367
	68,364,195	35,366,440
Less allowance for doubtful accounts	28,898,533	13,631,803
	₱39,465,662	₱21,734,637

Tuition fee receivables are noninterest-bearing and are generally on a 120-day term.

Advances to employees comprise of noninterest-bearing advances and interest-bearing loans, which are collectible through salary deduction and are generally on a 6 to 42-month term. Interest-bearing loans earn annual interest of 12.00%.

The allowance for doubtful accounts pertains to the Group's tuition fee receivables, which were impaired through collective assessment. The rollforward of allowance for doubtful accounts follows:

	2015	2014
Balance at beginning of year	₱13,631,803	₱12,656,625
Provision (Note 15)	15,266,730	9,192,995
Write-off	-	(8,217,817)
Balance at end of year	₱28,898,533	₱13,631,803

As at March 31, 2015 and 2014, the aging analysis of tuition and other receivables follows:

	2015					Total
	Neither Past Due nor Impaired	Past Due but not Impaired			Past Due and Impaired	
		1-30 Days	Over 30 Days	Over 60 Days		
Tuition fee receivables	₱-	₱-	₱-	₱28,882,034	₱28,898,533	₱57,780,567
Accrued interest receivables	255,557	-	-	-	-	255,557
Others:						
Advances to employees	8,775,395	-	-	-	-	8,775,395
Advances to CE-IS stockholders (Note 20)	1,250,000	-	-	-	-	1,250,000
Accrued rent receivable	302,676	-	-	-	-	302,676
	₱10,583,628	₱-	₱-	₱28,882,034	₱28,898,533	₱68,364,195



	2014					
	Neither Past Due nor Impaired	Past Due and Impaired			Past Due and Impaired	Total
		1-30 Days	Over 30 Days	Over 60 Days		
Tuition fee receivables	₱-	₱-	₱-	₱14,668,945	₱13,631,803	₱28,300,748
Accrued interest receivables	187,970	-	-	-	-	187,970
Others:						
Advances to employees	5,369,355	-	-	-	-	5,369,355
Advances to CE-IS stockholders (Note 20)	1,250,000	-	-	-	-	1,250,000
Accrued rent receivable	258,367	-	-	-	-	258,367
	₱7,065,692	₱-	₱-	₱14,668,945	₱13,631,803	₱35,366,440

6. Inventories

This account consists of:

	2015	2014
Uniforms and outfits	₱4,238,531	₱4,206,580
Materials	2,063,129	3,660,015
Supplies	1,400,096	1,370,668
	₱7,701,756	₱9,237,263

The cost of uniforms and outfits charged to 'Cost of services - Uniforms and outfits' amounted to ₱12.52 million in 2015, ₱12.64 million in 2014 and ₱11.93 million in 2013 (see Note 15).

The cost of materials and supplies charged to 'Cost of services - Stationery and office supplies' amounted to ₱14.32 million in 2015, ₱12.62 million in 2014 and ₱13.03 million in 2013 (see Note 15).

7. Other Current Assets

This account consists of:

	2015	2014
Prepayments	₱1,323,891	₱311,612
Others	78,092	50,615
	₱1,401,983	₱362,227

Prepayments pertain to insurance for personnel, library, and vehicles and accidents.



8. Property and Equipment

The composition of and the movements in this account follow:

	2015								
	At Cost								
	Land (At Revalued Amount)	Land Improvements	Buildings and Leasehold Improvements	Furniture, Transportation and Auxiliary Equipment	Laboratory Equipment	Library Books	Construction in Progress	Subtotal	Total
Cost									
Balances at beginning of year	₱1,650,056,499	₱29,128,832	₱1,531,443,629	₱461,751,162	₱292,586,854	₱92,398,236	₱17,653,949	₱2,424,962,662	₱4,075,019,161
Additions	–	–	7,578,000	20,799,163	18,647,108	3,028,624	52,415,290	102,468,185	102,468,185
Retirements/disposals	–	–	–	(6,378,840)	(1,214,300)	–	(2,594,059)	(10,187,199)	(10,187,199)
Reclassifications	–	–	–	6,129,280	–	–	(6,129,280)	–	–
Balances at end of year	1,650,056,499	29,128,832	1,539,021,629	482,300,765	310,019,662	95,426,860	61,345,900	2,517,243,648	4,167,300,147
Accumulated depreciation and amortization									
Balances at beginning of year	–	28,977,326	503,109,872	371,575,856	179,583,073	59,336,216	–	1,142,582,343	1,142,582,343
Depreciation and amortization (Note 15)	–	129,850	35,379,854	20,470,532	22,843,834	5,427,510	–	84,251,580	84,251,580
Retirements/disposals	–	–	–	(6,104,252)	(1,176,062)	–	–	(7,280,314)	(7,280,314)
Balances at end of year	–	29,107,176	538,489,726	385,942,136	201,250,845	64,763,726	–	1,219,553,609	1,219,553,609
Accumulated allowance for impairment losses									
Balance at beginning and end of year	–	–	–	–	5,294,724	–	–	5,294,724	5,294,724
Net book values	₱1,650,056,499	₱21,656	₱1,000,531,903	₱96,358,629	₱103,474,093	₱30,663,134	₱61,345,900	₱1,292,395,315	₱2,942,451,814



	2014								Total
	At Cost								
	Land (At Revalued Amount)	Land Improvements	Buildings and Leasehold Improvements	Furniture, Transportation and Auxiliary Equipment	Laboratory Equipment	Library Books	Construction in Progress	Subtotal	
Cost									
Balances at beginning of year	₱1,615,774,000	₱29,128,832	₱1,524,128,682	₱446,423,615	₱279,078,414	₱88,790,293	₱8,523,339	₱2,376,073,175	₱3,991,847,175
Additions	34,282,499	–	7,314,947	20,363,742	15,507,861	3,607,943	9,130,610	55,925,103	90,207,602
Retirements/disposals	–	–	–	(5,036,195)	(1,999,421)	–	–	(7,035,616)	(7,035,616)
Balances at end of year	1,650,056,499	29,128,832	1,531,443,629	461,751,162	292,586,854	92,398,236	17,653,949	2,424,962,662	4,075,019,161
Accumulated depreciation and amortization									
Balances at beginning of year	–	28,847,476	467,785,642	354,943,281	163,104,834	53,593,878	–	1,068,275,111	1,068,275,111
Depreciation and amortization (Note 15)	–	129,850	35,324,230	20,972,945	18,463,759	5,742,338	–	80,633,122	80,633,122
Retirements/disposals	–	–	–	(4,340,370)	(1,985,520)	–	–	(6,325,890)	(6,325,890)
Balances at end of year	–	28,977,326	503,109,872	371,575,856	179,583,073	59,336,216	–	1,142,582,343	1,142,582,343
Accumulated allowance for impairment losses									
Balance at beginning and end of year	–	–	–	–	5,294,724	–	–	5,294,724	5,294,724
Net book values	₱1,650,056,499	₱151,506	₱1,028,333,757	₱90,175,306	₱107,709,057	₱33,062,020	₱17,653,949	₱1,277,085,595	₱2,927,142,094

Allowance for impairment losses pertains to the Hospital's laboratory equipment.

As at March 31, 2015 and 2014, the University retired certain properties amounting to ₱10.19 million and ₱7.04 million, respectively. Loss on retirement of these properties amounted to ₱2.91 million in 2015, ₱0.71 million in 2014 and ₱0.24 million in 2013.

As at March 31, 2015 and 2014, the cost of the Group's fully depreciated property and equipment still in use amounted to ₱604.25 million and ₱574.44 million, respectively.

The carrying amount of the Group's idle laboratory equipment amounted to ₱3.37 million and ₱4.10 million as at March 31, 2015 and 2014, respectively.



Revaluation of Land

As at March 31, 2015 and 2014, land at revalued amounts consists of:

At cost		₱188,455,363
Revaluation increment		1,461,601,136
		<u>₱1,650,056,499</u>

The table below shows the reconciliation of the fair value of land as at March 31, 2015 and 2014, respectively:

	2015	2014
Balance at beginning of year	₱1,650,056,499	₱1,615,774,000
Remeasurement recognized in OCI	-	34,282,499
Balance at end of year	₱1,650,056,499	<u>₱1,650,056,499</u>

Deferred tax liability related to the revaluation surplus amounted to ₱146.16 million as of March 31, 2015 and 2014 (see Note 17).

9. Other Assets

This account consists of:

	2015	2014
Advances to suppliers and contractors	₱13,993,727	₱29,969,854
AFS investments	611,949	602,877
	₱14,605,676	<u>₱30,572,731</u>

The changes in revaluation reserve on AFS investments follow:

	2015	2014	2013
Balance at beginning of year	₱191,018	₱209,594	₱188,858
Change in revaluation reserve on AFS investments	9,072	(18,576)	20,736
Balance at end of year	₱200,090	<u>₱191,018</u>	<u>₱209,594</u>



10. Accounts Payable and Accrued Expenses

This account consists of:

	2015	2014
Accounts payable	₱188,674,507	₱169,331,548
Accrued expenses:		
Payable to employees	49,781,696	48,781,699
Accrued rent	14,042,564	4,000,000
Accrued utilities	4,167,804	6,892,450
Accrued purchases	812,100	840,000
Others	2,091,428	2,531,042
Alumni fees payable	3,583,545	2,142,984
Deposits	2,617,779	2,323,908
	₱265,771,423	₱236,843,631

Accounts payable are noninterest-bearing and are generally on 30 to 60-day terms.

Other accrued expenses include utilities, advertisements, rentals and other provisions.

Alumni fees payable includes graduating students' payments for alumni registration and identification cards.

Deposits include refundable deposits for toga rentals and security deposits on leases.

11. Long-term Liability

The current and noncurrent portions of long-term liability follow:

	2015	2014
Long-term liability	₱78,203,552	₱115,657,162
Less prepaid interest	3,527,766	8,508,796
	74,675,786	107,148,366
Less current portion of long-term liability	40,000,000	40,000,000
Noncurrent portion of long-term liability	₱34,675,786	₱67,148,366

In 2007, the University acquired a property for ₱500.00 million, to be paid as follows: ₱100.00 million paid upfront as prepaid interest and ₱400.00 million, to be paid for in ten (10) annual installments of ₱40.00 million payable every July 5 until fully paid on July 5, 2016. In case of delay in the payment of annual installment, the University will pay interest to the vendor based on annual treasury bills rate plus 5.00%. In addition, a penalty amounting to 12.00% per annum will be paid to the vendor. The long-term liability is unsecured.

The long-term liability was initially recognized at fair value, determined based on the present value of the cash flows using a discount rate of 9.70%. The long-term liability is subsequently measured at amortized cost.

Interest expense on the long-term liability amounted to ₱7.53 million in 2015, ₱10.41 million in 2014 and ₱13.02 million in 2013.



12. Equity

Capital Stock

The University's shares are listed and traded in the Philippine Stock Exchange.

Details of capital stock follow:

Shares Authorized	Shares Issued and Outstanding	Par Value	Amount
372,414,400	372,414,400	₱1	₱372,414,400

Below is the summary of the University's track record of registration of securities under the Securities Regulation Code (SRC):

Date	Number of Shares	Issue Price
November 10, 1986	305,000	₱100
August 9, 1988	152,500	100
February 23, 1994	297,375	100
September 18, 1995	993,174	100
March 17, 1998	2,237,356	100

As at March 31, 2015 and 2014, the total number of shares registered under the SRC are 372,414,400 shares being held by 1,062 and 1,069 stockholders, respectively.

Cash Dividends

The University's BOD approved the declaration of the following cash dividends:

2015				
Date of Declaration	Date of Record	Date of Payment	Amount	Dividend per Share
July 22, 2014	August 14, 2014	September 10, 2014	₱186,207,200	₱0.50
February 27, 2015	March 20, 2015	April 17, 2015	74,482,880	0.20
			₱260,690,080	₱0.70
2014				
Date of Declaration	Date of Record	Date of Payment	Amount	Dividend per Share
July 3, 2013	July 17, 2013	August 8, 2013	₱130,345,040	₱0.35
October 25, 2013	November 19, 2013	December 12, 2013	93,103,600	0.25
			₱223,448,640	₱0.60
2013				
Date of Declaration	Date of Record	Date of Payment	Amount	Dividend per Share
November 23, 2012	December 17, 2012	January 15, 2013	₱279,310,800	₱0.75

As at March 31, 2015 and 2014, the carrying value of dividends payable amounted to ₱174.10 million and ₱96.65 million, respectively.



Retained Earnings

On March 27, 2015, the University’s BOD approved the detailed expansion program and projects of the University relating to the additional appropriated retained earnings amounting to ₱336.00 million. These projects include the budget for capital expenditures for the fiscal year April 2015 to March 2016 and the planned construction of the following in the Malolos Campus:

- 5-storey dormitory for the students, faculty and employees of the University;
- 2-storey building for the School of Dentistry;
- 2-storey building to house a food court with students’ area in the ground floor and commercial spaces in the second floor;
- Renovation of the Centrodome;
- Multi-purpose activity center and swimming pool for use of students; and
- Renovation and extension of buildings and various laboratories.

On April 26, 2013, the University’s BOD approved the detailed expansion program and projects of the University relating to the appropriated retained earnings amounting to ₱450.00 million. These projects include the planned construction of a 3-storey building for the proposed setting up of a pre-school, elementary and high school in preparation for the K-12 program and to support the proposed five-year development plan for Malolos campus.

The estimated date of completion of the said projects as set by the University is within five (5) years.

In accordance with SRC Rule 68, As Amended (2011), Annex 68-C, the University’s retained earnings available for dividend declaration as at March 31, 2015 amounted to ₱200.37 million.

13. Tuition and Other School Fees

This account consists of:

	2015	2014 (As restated - Note 25)	2013 (As restated - Note 25)
Tuition fees	₱799,611,800	₱760,249,693	₱709,876,145
Other fees	499,003,377	482,416,374	457,969,145
Income from other school services	363,322,209	333,409,386	302,403,192
	₱1,661,937,386	₱1,576,075,453	₱1,470,248,482

Other fees include registration fees, health services fees, library fees, laboratory fees, development fees, practicum fees, internship fees and review fees.

Income from other school services comprise of fees for diploma and certificates, transcript of records, student handbooks, identification cards, entrance, qualifying and special examinations, laboratory materials, application fees for foreign students and various collections for specific items or activities.



14. Miscellaneous Income

This account consists of:

	2015	2014	2013
Dental materials	₱9,183,060	₱8,414,230	₱6,891,027
Rental (Note 18)	8,461,042	4,609,070	8,985,173
Swimming fees	3,551,024	3,080,541	2,939,853
Locker fees	3,407,690	3,058,858	2,811,234
Service commissions	2,699,089	2,876,807	864,727
Professional and continuing education	2,379,795	1,827,759	1,081,186
Photograph fees	1,036,877	1,082,474	963,692
Dental pre-board fees	645,525	615,159	641,526
Handling fees	395,392	352,996	16,689
Insurance fees	366,757	346,708	305,307
Others	3,593,169	989,870	892,878
	₱35,719,420	₱27,254,472	₱26,393,292

Others include income from sale of promotional items, sale of scrap and penalty from students.

15. Costs and Expenses

This account consists of:

	2015	2014 (As restated - Note 25)	2013 (As restated - Note 25)
Cost of services:			
SSS contributions and other employee benefits	₱385,532,106	₱390,086,969	₱301,274,982
Salaries and wages	334,057,425	330,819,721	306,439,690
Light and water	100,485,584	99,891,419	100,149,064
Depreciation and amortization (Note 8)	84,251,580	80,633,122	80,023,388
Sports and academic development	37,636,548	33,811,442	31,303,320
Retirement expense (Note 16)	31,250,115	28,976,951	26,035,027
Rental (Note 18)	29,042,182	24,921,722	24,871,834
Management information	22,687,528	23,455,377	20,171,945
Expenses for co-curricular activities	18,718,385	10,417,888	15,506,301
Stationery and office supplies (Note 6)	16,811,588	14,563,650	16,514,635
Recruitment and placement	16,109,447	13,529,402	20,408,175
Uniforms and outfits (Note 6)	12,518,996	12,636,173	11,927,155
Library	11,452,380	7,946,468	6,850,740
Professional fees	4,566,280	5,707,238	3,578,689
Material processing	4,516,016	3,256,964	5,951,779

(Forward)



	2015	2014 (As restated - Note 25)	2013 (As restated - Note 25)
Directors' and administrative committee	₱4,344,215	₱6,580,869	₱6,324,861
Registration expenses of students	4,101,545	3,554,379	1,247,214
Laboratory	2,899,304	2,994,108	1,772,240
Instructional and academic expenses	2,372,089	8,627,322	9,436,547
Affiliation	2,001,406	1,430,104	678,136
Guidance and counseling	1,377,943	3,139,454	2,635,801
Comprehensive and oral examinations	691,172	896,467	1,251,124
Publications	379,830	313,734	276,060
University chapel expenses	201,267	422,733	499,095
	1,128,004,931	1,108,613,676	995,127,802
General and administrative expenses:			
Janitorial and security services	34,715,481	33,098,702	32,465,738
Repairs and maintenance	25,746,898	23,662,101	24,460,292
Transportation and communications	24,862,696	25,558,640	27,907,770
Taxes and licenses	21,495,779	19,278,105	20,130,521
Provision for credit losses (Note 5)	15,266,730	9,192,995	12,656,625
Clinical expenses	11,040,045	11,530,799	6,946,255
Entertainment, amusement and recreation	8,067,773	7,033,083	8,482,631
Insurance	3,678,502	3,590,381	3,633,948
Membership fees and dues	647,062	564,779	902,531
Advertisement	503,793	661,443	-
Bank charges	172,022	112,956	101,928
Write-off of receivables	-	13,308,804	20,871,704
Miscellaneous	25,299,581	5,646,556	4,458,831
	171,496,362	153,239,344	163,018,774
	₱1,299,501,293	₱1,261,853,020	₱1,158,146,576

Miscellaneous expenses pertain to provision for local tax assessment, bank service charges, donations and other contributions.

16. Retirement Plan

The University has a funded, noncontributory defined benefit retirement plan which provides for death, disability and retirement benefits for all of its permanent employees. The annual contributions to the retirement plan consist of a payment covering the current service cost for the year plus payments toward funding the unfunded actuarial liabilities. Benefits are based on the employee's years of service and final plan salary.

The fund is administered by a trustee bank under the supervision of the Board of Trustees (BOT) of the retirement plan. The BOT is responsible for the investment strategy of the retirement plan.



In 2014, the University approved a new collective bargaining agreement with its employees with changes in the increments on employee retirement benefits.

The retirement plan meets the minimum retirement benefit specified under Republic Act No. 7641, *Retirement Pay Law*.

Changes in the retirement liability are as follows:

2015											
	Retirement Expense in the Consolidated Statements of Income				Benefits Paid	Remeasurements in OCI				Contribution by Employer	Balance at End of Year
	Balance at Beginning of Year	Current Service Cost	Net Interest	Subtotal		Return on Plan Assets (Excluding Amount included in Net Interest)	Experience Adjustments	Actuarial Changes Arising from Changes in Financial Assumptions	Subtotal		
Present value of defined benefit obligation	₱463,660,300	₱21,238,100	₱23,272,450	₱44,510,550	(₱31,257,382)	₱-	(₱24,518,168)	₱10,281,300	(₱14,236,868)	₱-	₱462,676,600
Fair value of plan assets	(265,480,945)	-	(13,260,435)	(13,260,435)	31,257,382	8,422,306	-	-	8,422,306	(24,000,000)	(263,061,692)
	₱198,179,355	₱21,238,100	₱10,012,015	₱31,250,115	₱-	₱8,422,306	(₱24,518,168)	₱10,281,300	(₱5,814,562)	(₱24,000,000)	₱199,614,908

2014											
	Retirement Expense in the Consolidated Statements of Income				Benefits Paid	Remeasurements in OCI				Contribution by Employer	Balance at End of Year
	Balance at Beginning of Year	Current Service Cost	Net Interest	Subtotal		Return on Plan Assets (Excluding Amount included in Net Interest)	Experience Adjustments	Actuarial Changes arising from Changes in Financial Assumptions	Subtotal		
Present value of defined benefit obligation	₱462,229,700	₱22,098,300	₱16,167,246	₱38,265,546	(₱25,890,943)	₱-	₱85,207,597	(₱96,151,600)	(₱10,944,003)	₱-	₱463,660,300
Fair value of plan assets	(266,234,200)	-	(9,288,595)	(9,288,595)	25,890,943	4,150,907	-	-	4,150,907	(20,000,000)	(265,480,945)
	₱195,995,500	₱22,098,300	₱6,878,651	₱28,976,951	₱-	₱4,150,907	₱85,207,597	(₱96,151,600)	(₱6,793,096)	(₱20,000,000)	₱198,179,355

The number of plan members as of March 31, 2015 and 2014 is 726 and 768, respectively.



The maximum economic benefit available is a combination of expected refunds from the plan and reduction in future contributions. The fair value of plan assets as of the end of the reporting period follows:

	2015	2014
Long-term investments:		
Debt securities	₱133,758,605	₱141,119,570
Equity securities	103,324,436	108,320,140
Cash and cash equivalents	22,324,308	11,689,617
Others assets	3,997,937	4,713,232
Liabilities	(343,594)	(361,614)
	₱263,061,692	₱265,480,945

All plan assets do not have quoted prices in an active market except for debt securities. Cash and cash equivalents are with reputable financial institutions and are deemed to be standard grade. Equity securities and other assets are unrated.

The plan assets pertain to diversified investments and are not exposed to concentration risk.

The management performed an Asset-Liability Matching Study annually. The overall investment policy and strategy of the University's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risk of the retirement plan.

The Group expects to contribute ₱24.00 million to the defined benefit retirement plan in 2016.

The cost of defined retirement plan, as well as the present value of defined benefit obligation, is determined using an actuarial valuation. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the present value of defined benefit obligation are shown below:

	2015	2014	2013
Discount rates	5.01%	5.21%	3.61%
Future salary increases	5.00%	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase (Decrease) in Defined Benefit Obligation	
	2015	2014
Discount rates		
+1.00%	(₱46,867,600)	(₱47,990,800)
-1.00%	55,167,400	56,624,200
Future salary increases		
+1.00%	52,382,200	53,935,300
-1.00%	(45,489,800)	(46,714,700)



The methods and types of assumptions used in preparing the sensitivity analysis did not change as at March 31, 2015 and 2014.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2015	2014
Less than 1 year	₱27,437,816	₱22,029,943
More than 1 year to 5 years	104,931,348	100,670,621
More than 5 years to 10 years	200,283,849	212,264,121
More than 10 years to 15 years	253,472,663	273,962,898
More than 15 years to 20 years	445,860,994	424,498,398
More than 20 years	575,872,828	686,098,316
	₱1,607,859,498	₱1,719,524,297

17. Income Taxes

The provision for income tax represents the 10.00% income tax on special corporations, which consists of:

	2015	2014	2013
Current	₱40,085,396	₱32,718,241	₱33,329,641
Deferred	7,615,382	2,153,401	1,512,199
	₱47,700,778	₱34,871,642	₱34,841,840

The reconciliation of income before tax computed at statutory income tax rate to provision for income tax in the consolidated statements of income for the years ended March 31, 2015, 2014 and 2013 follows:

	2015	2014	2013
Statutory provision for income tax	₱39,338,088	₱33,630,068	₱32,546,977
Tax effects of:			
Nondeductible expenses	8,773,200	1,381,179	2,086,717
Tax-paid income	(565,747)	(533,995)	(750,096)
Effect of higher tax rate of the Hospital	156,169	394,708	958,544
Others	(932)	(318)	(302)
Effective provision for income tax	₱47,700,778	₱34,871,642	₱34,841,840



The components of the Group's net deferred tax liabilities follow:

	2015	2014
Deferred income tax assets on:		
Retirement liability	₱19,961,491	₱19,817,936
Long-term liability	7,467,579	10,714,837
Unamortized excess of contribution over the normal cost	5,143,504	5,325,535
Allowance for doubtful accounts	2,889,853	1,363,180
Others	2,065,746	-
	37,528,173	37,221,488
Deferred income tax liabilities on:		
Revaluation increment on land	146,160,114	146,160,114
Undepreciated cost of property and equipment	127,627,408	118,952,508
Unrealized foreign currency exchange gain	218	171,595
	273,787,740	265,284,217
Net deferred tax liabilities	₱236,259,567	₱228,062,729

The Group claims the tax deductions of capital expenditures for tax purposes when incurred.

The Group recognized deferred tax liability on revaluation increment on land amounting to nil in 2015, ₱3.43 million in 2014 and ₱4.66 million in 2013. The Group also recognized deferred tax liability on remeasurement gain on retirement liability amounting to ₱0.58 million in 2015 and ₱0.68 million in 2014 and deferred tax asset on remeasurement loss on retirement liability of ₱5.16 million in 2013. The related deferred tax assets and liabilities were taken to equity.

The details of NOLCO which can be claimed in the future by the Hospital as credit against the regular corporate income follow:

Inception Year	Amount	Expired	Balance	Expiry Year
2015	₱1,512,255	₱-	₱1,512,255	2018
2014	3,772,218	-	3,772,218	2017
2013	3,561,562	-	3,561,562	2016
2012	5,565,236	5,565,236	-	2015
	₱14,411,271	₱5,565,236	₱8,846,035	

As at March 31, 2015 and 2014, the deferred tax on NOLCO of the Hospital is unrecognized.



18. Operating Leases

Group as Lessor

The Group leases out portions of its spaces to concessioners which is renewable every two (2) years. Total rent income recognized amounted to ₱8.46 million in 2015, ₱4.61 million in 2014 and ₱8.99 million in 2013 (see Note 14).

As lessor, future minimum rentals under operating lease are as follows:

	2015	2014
Within 1 year	₱8,515,509	₱10,296,489
After 1 year but not more than 5 years	302,676	747,465
	₱8,818,185	₱11,043,954

Group as Lessee

On July 29, 2004, the Group entered into a 25-year operating lease which commenced on January 1, 2005 with Philtrust Bank for the lease of its land and building in Makati. The contract requires for ₱24.00 million fixed minimum annual rentals plus 40.00% of the annual income of the Group's Makati-Buendia campus.

As lessee, future minimum rentals under operating lease are as follows:

	2015	2014	2013
Within 1 year	₱24,000,000	₱24,000,000	₱24,000,000
After 1 year but not more than 5 years	96,000,000	96,000,000	96,000,000
More than 5 years	234,000,000	258,000,000	282,000,000
	₱354,000,000	₱378,000,000	₱402,000,000

The Group's rental expense for its Makati-Buendia campus follows:

	2015	2014	2013
Minimum lease payments	₱24,000,000	₱24,000,000	₱24,000,000
Contingent rents	4,042,564	-	-
	₱28,042,564	₱24,000,000	₱24,000,000

19. Segment Reporting

The Group operates in geographical segments. Financial information on the operations of these segments are summarized as follows:

	2015						Adjustments	Total
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Makati-Legaspi Hospital (Pre-operating)	Malolos-Integrated School		
Segment assets	₱1,951,186,787	₱849,944,819	₱82,033,583	₱591,452,139	₱34,539,313	₱12,301,350	₱611,949	₱3,522,069,940
Segment liabilities	227,704,037	9,946,162	21,910,550	79,833,464	171,789	881,207	630,344,194	970,791,403
Capital expenditures	22,322,345	59,773,192	7,803,380	8,693,694	-	-	-	98,592,611
Segment revenues	1,183,559,248	184,737,915	174,378,929	160,640,370	-	-	-	1,703,316,462
Expenses	885,770,378	149,549,045	161,685,370	107,177,994	1,512,254	4,240,542	-	1,309,935,583
Depreciation expense	56,252,319	7,957,233	6,490,503	13,551,525	-	-	-	84,251,580
Net income (loss)	301,947,533	35,188,869	12,693,560	45,934,970	(1,263,858)	(1,120,195)	(47,700,778)	345,680,101



2014								
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Makati-Legaspi Hospital (Pre-operating)	Malolos - Integrated School	Adjustments	Total
Segment assets	₱1,881,939,930	₱770,580,178	₱76,676,278	₱587,522,484	₱12,458,671	₱12,547,974	₱602,877	₱3,342,328,392
Segment liabilities	208,393,932	15,435,120	8,277,394	111,636,888	248,662	-	537,290,058	881,282,054
Capital expenditures	23,282,131	5,087,118	8,006,046	10,182,003	-	-	-	46,557,298
Segment revenues	1,131,498,110	180,450,635	141,226,556	155,852,214	194,558	47,974	-	1,609,270,047
Expenses	852,206,037	149,999,813	110,275,110	156,708,549	3,772,218	7,636	-	1,272,969,363
Depreciation expense	48,931,762	8,277,911	7,698,065	14,475,466	1,249,918	-	-	80,633,122
Net income (loss)	279,339,113	30,370,791	(4,994,109)	35,122,211	(3,577,660)	40,338	(34,871,642)	301,429,042

2013							
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Makati-Legaspi Hospital (Pre-operating)	Adjustments	Total
Segment assets	₱1,748,134,860	₱771,310,946	₱78,466,081	₱595,503,027	₱28,808,118	₱621,453	₱3,222,844,485
Segment liabilities	193,075,528	9,345,937	10,041,994	142,985,682	167,388	522,361,480	877,978,009
Capital expenditures	40,121,914	7,951,151	4,914,628	11,602,574	-	-	64,590,267
Segment revenues	1,043,491,980	166,316,402	128,483,692	145,647,401	355,194	-	1,484,294,669
Expenses	775,156,657	142,875,142	123,117,911	107,690,248	9,984,941	-	1,158,824,899
Depreciation expense	48,692,239	8,176,870	7,138,838	13,750,026	2,265,415	-	80,023,388
Net income (loss)	288,726,693	25,496,864	(10,659,607)	30,406,913	(8,501,093)	(34,841,840)	290,627,930

The Hospital has not yet started its operations as at June 26, 2015.

In 2015, 2014 and 2013, there were no intersegment revenues and all revenues are made to external customers.

Segment assets for each segment do not include AFS financial assets amounting to ₱0.61 million, ₱0.60 million and ₱0.62 million as at March 31, 2015, 2014 and 2013, respectively.

Segment liabilities for each segment do not include the following:

	2015	2014	2013
Deferred tax liabilities - net	₱236,259,567	₱228,062,729	₱221,801,769
Retirement liability	199,614,908	198,179,355	195,995,500
Dividends payable	174,102,976	96,652,449	89,467,449
Income tax payable	20,366,743	14,395,524	15,096,762
	₱630,344,194	₱537,290,057	₱522,361,480

Net income (loss) for each segment does not include provision for income tax amounting to ₱47.70 million in 2015, ₱34.87 million in 2014 and ₱34.84 million in 2013.

20. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are entities that are subject to common control.



Significant transactions with related parties include the following:

March 31, 2015			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
Affiliates			
<i>PhilTrust Bank</i>			
Cash/Interest income	₱11,495,836	₱69,844,815	Savings deposit with interest rate at 0.50%
Short-term deposits/Interest income	144,400,918	341,022,785	Money market placements terms at 6 to 53 days while interest ranges from 2.08% to 3.20%
Accrued interest receivable	39,405	274,696	Related to savings deposit and money market placements
Rent expense/Accrued expenses	4,042,564	24,042,564	Unsecured; Rent of building in Makati (see Note 18)
<i>Manila Hotel</i>			
Culminating fees	650,455	–	Rental of room and facilities for commencement exercises
<i>Manila Bulletin Publishing Corporation</i>			
Recruitment and placement	10,480,877	–	Advertising services, terms vary as to type and frequency of advertisements
Stockholders			
Other receivables	–	1,250,000	Unsecured; Advances to CE-IS stockholders, due on demand (see Note 5)

March 31, 2014			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
Affiliates			
<i>PhilTrust Bank</i>			
Cash/Interest income	₱108,300	₱58,348,979	Savings deposit with interest rate at 0.50%
Short-term deposits/Interest income	2,348,691	196,621,867	Money market placements terms at 6 to 53 days while interest ranges from 2.08% to 3.20%
Accrued interest receivable	–	235,291	Related to savings deposit and money market placements
Rent expense/Accrued expenses	24,000,000	24,000,000	Rent of building in Makati (see Note 18)
<i>Manila Hotel</i>			
Culminating fees	540,000	–	Rental of room and facilities for Commencement exercises
<i>Manila Bulletin Publishing Corporation</i>			
Recruitment and placement	9,868,878	–	Advertising services, terms vary as to type and frequency of advertisements

(Forward)



March 31, 2014			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
Stockholders			
Other receivables	₱1,250,000	₱1,250,000	Unsecured; advances to CE-IS stockholders, due on demand (see Note 5)

Generally, related party transactions are settled in cash.

In 2014, the University purchased laboratory equipment from the Hospital at carrying value of ₱16.49 million. The purchase was recorded in the University's books as payable to the Hospital, which was eliminated during consolidation.

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. The University's retirement plan is in the form of a trust administered by a trustee bank. The carrying value of the fund, which approximates its fair value, amounted to ₱263.06 million and ₱265.48 million as at March 31, 2015 and 2014, respectively (see Note 16).

The assets of the fund consist mainly of cash and cash equivalents, government securities and equity securities.

As at March 31, 2015 and 2014, the retirement fund has 8,072,299 shares or 2.17% interest in the University. The total unrealized gains recognized from these investments amounted to ₱8.52 million and ₱6.17 million in 2015 and 2014, respectively. No limitations and restrictions are provided and voting rights over these shares are exercised by a trust officer.

There are no other transactions by the Group or its related parties with the retirement fund as at March 31, 2015 and 2014.

Remuneration of Key Management Personnel

The Group's key management personnel include all management committee officers. The summary of compensation of key management personnel follows:

	2015	2014
Short-term employee salaries and benefits	₱12,747,381	₱11,769,832
Post-employment benefits	11,618,514	7,566,498
	₱24,365,895	₱19,336,330

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

21. Notes to Consolidated Statements of Cash Flows

Noncash investing activities pertain to the following:

- a. Retirement of assets - In 2015 and 2014, the Group retired furniture and fixtures with aggregate cost of ₱10.19 million and ₱7.04 million and accumulated depreciation of



₱7.28 million and ₱6.33 million, respectively (see Note 8). In 2013, the Group retired furniture and fixtures and transportation equipment with aggregate cost of ₱1.31 million and accumulated depreciation of ₱1.06 million.

- b. Revaluation increment on the land in 2014 and 2013 - The Group engaged the service of an independent appraiser and obtained valuation for its land in Mendiola and Malolos in 2014 and in Legaspi-Makati in 2013. The appraisal resulted in the recognition of increase in revaluation increment on land of ₱34.28 million, gross of deferred tax of ₱3.43 million, in 2014 and ₱46.61 million, gross of deferred tax of ₱4.66 million, in 2013.

22. Basic/Diluted EPS

The income and share data used in the basic/diluted EPS computations are as follows:

	2015	2014	2013
Net income (a)	₱345,680,101	₱301,429,042	₱290,627,930
Weighted average number of outstanding common shares (b)	372,414,400	372,414,400	372,414,400
Basic/diluted earnings per share (a/b)	₱0.93	₱0.81	₱0.78

There were no potential dilutive financial instruments in 2015, 2014 and 2013.

23. Fair Value Measurement

The Group uses a hierarchy for determining and disclosing the fair value of its assets and liabilities (see accounting policy on Fair Value Measurement).

The following table summarizes the carrying amounts and the fair values of the Group's financial and nonfinancial assets and liabilities as at March 31:

	2015			Total Fair Value
	Carrying Value	Fair Value Measurement Using		
		Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)	
Assets measured at fair value:				
Financial assets				
AFS investments - quoted	₱205,632	₱205,632	₱-	₱205,632
Nonfinancial assets				
Land valued under revaluation model	1,650,056,499	-	1,650,056,499	1,650,056,499
	₱1,650,262,131	₱205,632	₱1,650,056,499	₱1,650,262,131
Liability for which fair values are disclosed:				
Financial liabilities				
Long-term liability (including current portion)	₱74,675,786	₱-	₱74,704,047	₱74,704,047



	2014			
	Carrying Value	Fair Value Measurement Using		Total Fair Value
Quoted Prices in Active Markets (Level 1)		Significant Unobservable Inputs (Level 3)		
Assets measured at fair value:				
Financial assets				
AFS investments - quoted	₱196,560	₱196,560	₱-	₱196,560
Nonfinancial assets				
Land valued under revaluation model	1,650,056,499	-	1,650,056,499	1,650,056,499
	₱1,650,253,059	₱196,560	₱1,650,056,499	₱1,650,253,059
Liability for which fair values are disclosed:				
Financial liabilities				
Long-term liability (including current portion)	₱107,148,366	₱-	₱107,011,785	₱107,011,785

As at March 31, 2014 and 2013, unquoted equity securities carried at cost amounted to ₱0.41 million.

The methods and assumptions used by the University in estimating the fair value of the financial and non-financial assets and liabilities are:

Cash and Cash Equivalents, Tuition and Other Receivables, Accounts Payable and Accrued Expenses and Dividends Payable

Fair values approximate carrying amounts given the short-term nature of these accounts.

Property and Equipment

The table below summarizes the valuation techniques used and the significant unobservable inputs to the valuation of land under the revaluation model:

	Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Land	Sales Comparison Approach/Market Approach	Internal factors: Location Size Time Element	-10% +3% to +5% -2% to +1%

The range of the prices per square meter used in the valuation is shown below:

	Valuation Techniques	Location	Range (Weighted Average)
Land	Sales Comparison Approach/Market Approach	Comparable analysis: External factor (net price)	
		Manila – Site 1 and 2	₱25,000 to ₱90,000 per square meter (sqm)
		Makati	₱250,000 to ₱320,000 per sqm
		Malolos, Bulacan	₱5,800 to ₱18,000 per sqm



Description of the valuation technique and inputs used in the valuation of the Group's land are as follows:

Market Data Approach	A comparable method where the value of the property is based on sales and listings of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Comparison would be premised on the factors of location, size and shape of the lot, and time element.
Size	Physical magnitude, extent or bulk, relative or proportionate dimensions. The value of the lot varies in accordance to the size of the lots. Basic rule of thumb is the bigger the lot size the lower the value, the smaller the lot size the higher the value.
Shape	Particular form or configuration. A highly irregular shape limits the usable area, whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	For a tract of land designated for a purpose or site occupied or available for occupancy, one of the key factors in land valuation is the location or area of preference.
Time Element	The measured or measurable period during action or condition exists. It is usually associated with the period in which the property can be sold in an open market within reasonable time.

Sensitivity analyses to the significant changes in unobservable inputs are shown below:

- Significant increases (decreases) in the price (per sqm) would result in a significantly higher (lower) fair value measurement.
- Significant improvements (deterioration) in the location would result in a significantly higher (lower) fair value measurement.
- Significant increases (decreases) in the size of the property would result in a significantly lower (higher) fair value (per sqm) measurement.
- Significant increases (decreases) in the period in which the property can be sold in an open market would result in a significantly lower (higher) fair value measurement.

The appraiser uses the highest and best use concept defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible and results in the highest value of the property being valued.

Quoted Equity Securities Classified as AFS Investments

Fair value is based on quoted prices.

Unquoted Equity Securities Classified as AFS Investments

Fair value could not be reliably determined due to the unpredictable nature of future cash flows and the lack of suitable methods of arriving at a reliable fair value. There is no active market for these investments and the Group does not intend to dispose these investments. These investments are carried at cost.



Long-term Liability

Fair value is estimated using the discounted cash flow methodology using the prevailing risk-free rates plus applicable spread.

In 2015 and 2014, there have been no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

24. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, and long-term liability. The main purpose of these financial instruments is to raise funds for the Group's operations and capital expenditures. The Group has various other financial instruments such as tuition and other receivables, AFS investments, accounts payable and accrued expenses and dividends payable that arise directly from operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.

The Group's risk management policy to mitigate credit risk on its accounts receivable from students include the refusal of the Group to release pertinent records like examination permit, transcript of records and transfer credentials, if applicable, until the student's account is cleared/paid. As of reporting date, there are no significant concentrations of credit risk.

As at March 31, 2015 and 2014, the analysis of financial assets follows:

	2015			Total
	Neither Past Due nor Impaired	Past Due but not Impaired	Past Due and Impaired	
Loans and receivables:				
Cash and cash equivalents	P516,069,552	P-	P-	P516,069,552
Tuition and other receivables				
Tuition fee receivables	-	28,882,034	28,898,533	57,780,567
Accrued interest receivable	255,557	-	-	255,557
Others:				
Advances to employees	8,775,395	-	-	8,775,395
Advances to CE-IS stockholders	1,250,000	-	-	1,250,000
Accrued rent receivable	302,676	-	-	302,676
AFS investments	611,949	-	-	611,949
	P527,265,129	P28,882,034	P28,898,533	P585,045,696



	2014			Total
	Neither Past Due nor Impaired	Past Due but not Impaired	Past Due and Impaired	
Loans and receivables:				
Cash and cash equivalents	₱352,925,940	₱-	₱-	₱352,925,940
Tuition and other receivables				
Tuition fee receivables	-	14,668,945	13,631,803	28,300,748
Accrued interest receivable	187,970	-	-	187,970
Others:				
Advances to employees	5,369,355	-	-	5,369,355
Advances to CE-IS stockholders	1,250,000	-	-	1,250,000
Accrued rent receivable	258,367	-	-	258,367
AFS investments	602,877	-	-	602,877
	₱360,594,509	₱14,668,945	₱13,631,803	₱388,895,257

The Group's neither past due nor impaired receivables are high grade receivables which, based on experience, are highly collectible and exposure to bad debt is not significant.

As at March 31, 2015 and 2014, the age of the entire Group's past due but not impaired tuition fee receivables is over 60 days (see Note 5).

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial assets and financial liabilities. Liquidity risk may result from a counterparty failing on repayment of a contractual obligation or inability to generate cash inflows as anticipated.

The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and external financing, if needed.

The maturity profile of the Group's financial assets and financial liabilities as at March 31, 2015 and 2014 based on contractual undiscounted payments follows:

	2015				Total
	On Demand	Less than 3 Months	3 to 6 Months	Over 1 Year	
Financial assets:					
Cash and cash equivalents*	₱146,190,973	₱369,878,579	₱-	₱-	₱516,069,552
Tuition and other receivables:					
Tuition fee receivables	57,780,567	-	-	-	57,780,567
Accrued interest receivables	255,557	-	-	-	255,557
Others:					
Advances to employees	8,775,395	-	-	-	8,775,395
Advances to CE-IS stockholders	1,250,000	-	-	-	1,250,000
Accrued rent receivable	302,676	-	-	-	302,676
AFS investments	-	-	-	611,949	611,949
	214,555,168	369,878,579	-	611,949	585,045,696

(Forward)



2015					
	On Demand	Less than 3 Months	3 to 6 Months	Over 1 Year	Total
Financial liabilities:					
Accounts payable and accrued expenses:					
Accounts payable**	₱169,243,077	₱-	₱-	₱-	₱169,243,077
Accrued expenses	21,113,893	49,781,699	-	-	70,895,592
Alumni fees payable	3,583,545	-	-	-	3,583,545
Deposits	2,617,780	-	-	-	2,617,780
Dividends payable	174,102,976	-	-	-	174,102,976
Long-term liability (including current portion)	-	-	40,000,000	40,000,000	80,000,000
	370,661,271	49,781,699	40,000,000	40,000,000	500,442,970
Net undiscounted financial assets (financial liabilities)	(₱156,106,103)	₱320,096,880	(₱40,000,000)	(₱39,388,051)	₱84,602,726

* Excluding cash on hand

** Excluding statutory payables

2014					
	On Demand	Less than 3 Months	3 to 6 Months	Over 1 Year	Total
Financial assets:					
Cash and cash equivalents*	₱137,020,441	₱215,905,499	₱-	₱-	₱352,925,940
Tuition and other receivables					
Tuition fee receivables	28,300,748	-	-	-	28,300,748
Accrued interest receivables	187,970	-	-	-	187,970
Others:					
Advances to employees	5,369,355	-	-	-	5,369,355
Advances to CE-IS stockholders	1,250,000	-	-	-	1,250,000
Accrued rent receivables	258,367	-	-	-	258,367
AFS investments	-	-	-	602,877	602,877
	172,386,881	215,905,499	-	602,877	388,895,257
Financial liabilities:					
Accounts payable and accrued expenses:					
Accounts payable**	166,807,845	-	-	-	166,807,845
Accrued expenses	-	63,045,191	-	-	63,045,191
Alumni fees payable	2,142,984	-	-	-	2,142,984
Deposits	-	-	2,317,104	-	2,317,104
Dividends payable	96,652,449	-	-	-	96,652,449
Long-term liability (including current portion)	-	-	40,000,000	80,000,000	120,000,000
	265,603,278	63,045,191	42,317,104	80,000,000	450,965,573
Net undiscounted financial assets (financial liabilities)	(₱93,216,397)	₱152,860,308	(₱42,317,104)	(₱79,397,123)	(₱62,070,316)

* Excluding cash on hand

** Excluding statutory payables

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's principal transactions are carried out in Peso and its exposure to foreign currency risk arises primarily with respect to the Group's cash in banks and short-term deposits which are denominated in United States dollar (\$ or USD).



To mitigate the Group's exposure to foreign currency risk related to foreign currency-denominated accounts of the Group, management keeps the amount of these assets at a low level.

The following table shows the foreign currency-denominated accounts of the Group as at March 31, 2015 and 2014 in USD:

	2015	2014
Cash in banks	\$67,723	\$135,687
Short-term deposits	137,689	217,433
	\$205,412	\$353,120

In translating the foreign currency-denominated accounts to Peso amounts, the exchange rate used was ₱44.70 to \$1.00 and ₱44.82 to \$1.0 in 2015 and 2014, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Peso exchange rate, with all other variables held constant, of the Group's net income before tax. There is no impact on the Group's equity other than those already affecting the excess of revenue over expenses.

	2015		2014	
Percentage change in exchange rate	-5.00%	+5.00%	-5.00%	+5.00%
Effect on net income before tax	(₱459,096)	₱459,096	(₱791,342)	₱791,342

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates is not significant to the consolidated financial statements. The financial instruments of the Group are either noninterest-bearing, therefore not subject to interest rate risk, or has minimal interest rate exposure due to the short-term nature of the account (i.e., cash equivalents).

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives and policies or processes during the years ended March 31, 2015, 2014 and 2013.

The Group monitors capital using a debt-to-equity ratio which is debt divided by total equity. The Group includes within debt, interest-bearing loans and accounts payable and accrued expenses.



The following table shows how the Group computes for its debt-to-equity ratio as at March 31, 2015 and 2014:

	2015	2014
Accounts payable and accrued expenses (a)	₱265,771,423	₱236,843,631
Long-term liability (including current portion) (b)	74,675,786	107,148,366
Liabilities (c)	₱340,447,209	₱343,991,997
Total equity (d)	₱2,551,278,537	₱2,461,046,338
Debt-to-equity ratio (c/d)	0.13:1	0.14:1

25. Reclassifications

The consolidated financial statements of the Group for the years ended March 31, 2014 and 2013 were restated to reflect the proper classification of the following expenses:

- Uniform and outfits costs amounting to ₱12.52 million and ₱11.90 million for the years ended March 31, 2014 and 2013, respectively, which were previously netted against sale from uniform and outfits and were included in 'Tuition and other school fees' were now reported under 'Cost of services.'
- Materials processing costs amounting to ₱3.26 million and ₱5.95 million for the years ended March 31, 2014 and 2013, respectively, which were included in 'Tuition and other school fees' were now reported under 'Cost of services.'
- Salaries, wages of non-teaching personnel, which were included in their respective cost centers (e.g., library, laboratory, guidance and counselling, health services and clinics, instructional and academic expenses, materials processing, recruitment and placement) were reclassified to 'Salaries and wages' under 'Cost of services.' The total expenses reclassified to 'Salaries and wages' amounted to ₱85.67 million and ₱77.91 million for the years ended March 31, 2014 and 2013, respectively.

Management believes that the change in presentation of expenses provides information that is more reliable and more relevant to the users of the consolidated financial statements. The reclassifications did not affect the consolidated statements of financial position.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Centro Escolar University and Subsidiaries (the Group) as at March 31, 2015 and 2014 and for each of the three years in the period ended March 31, 2015 and have issued our report thereon dated June 26, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Josephine Adrienne A. Abarca
Partner

CPA Certificate No. 92126

SEC Accreditation No. 0466-AR-2 (Group A),

February 4, 2013, valid until February 3, 2016

Tax Identification No. 163-257-145

BIR Accreditation No. 08-001998-61-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 4751251, January 5, 2015, Makati City

June 26, 2015



CENTRO ESCOLAR UNIVERSITY

SUPPLEMENTARY SCHEDULES TO THE FINANCIAL STATEMENTS

- Annex I: Schedule of retained earnings available for dividend declaration
- Annex II: Schedule of all Philippine Financial Reporting Statements (PFRS) [which consist of PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations] effective as at March 31, 2015
- Annex III: The map showing the relationships between and among the company and its ultimate parent company and subsidiary
- Annex IV: Supplementary Schedules to Financial Statements

CENTRO ESCOLAR UNIVERSITY**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS****AVAILABLE FOR DIVIDEND DECLARATION****MARCH 31, 2015**

Unappropriated Retained Earnings, beginning	P421,381,927
Add (deduct): Net income actually earned/realized during the year	345,792,120
Adjustments for non-actual/unrealized income and non-actual losses, net of tax*	–
Unappropriated Retained Earnings, as adjusted before dividend declaration	P767,174,047
Deduct: Dividends declared during the fiscal year	(260,690,080)
Appropriation of retained earnings during the year	(336,000,000)
Unappropriated retained earnings, as adjusted to available for dividend declaration, end of year	P170,483,967

*The University's unrealized items pertain to deferred tax liability (i.e. has an effect of increasing tax expense) and unrealized foreign exchange gain on cash and cash equivalents. Thus, no unrealized item for adjustment in the above reconciliation.

CENTRO ESCOLAR UNIVERSITY

SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS

List of Philippine Financial Reporting Standards (PFRSs) [which consists of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] effective as at March 31, 2015, unless otherwise indicated:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations		✓	
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions		✓	
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
	Financial Instruments			
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments (2010 version)		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Financial Instruments (2013 version)		✓	
	Financial Instruments (2014 version)		✓	
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS12 and PAS27: Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
PFRS 11 (Amended)	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations		✓	
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS12 and PAS27: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts		✓	
IFRS 15	Revenue from Contracts with Customers		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
	Amendments to PAS 16 and PAS 41: Bearer Plants		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS12 and PAS27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets			
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Investment Property		✓	
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and			✓

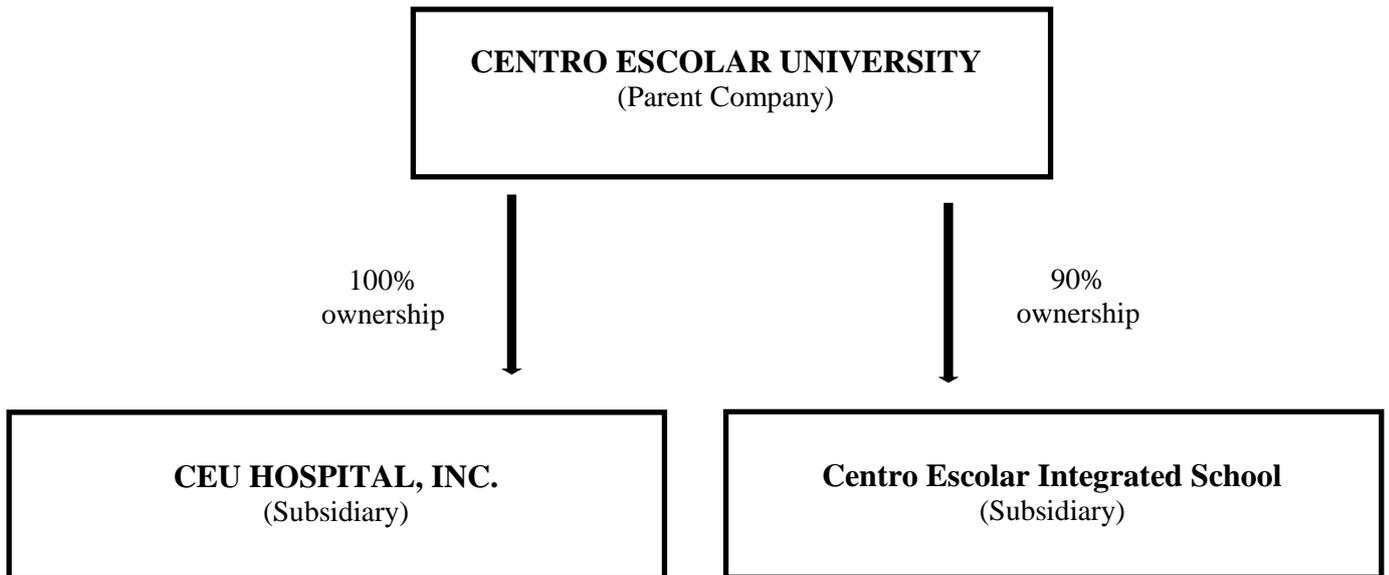
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
	PAS 39: Embedded Derivatives			
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 15	Agreements for the Construction of Real Estate		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
SIC-13	Amendment to SIC - 12: Scope of SIC 12			✓
	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Note: Standards and amendments which will become effective on or after January 1, 2014 are denoted with an asterisk (). The University has not early adopted standards and amendments which are not yet effective as at April 1, 2013.*

CENTRO ESCOLAR UNIVERSITY

**THE MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG
THE COMPANY AND ITS SUBSIDIARY**

March 31, 2015



CENTRO ESCOLAR UNIVERSITY

LIST OF FINANCIAL RATIOS

March 31, 2015

		2015	2014
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.13:1	0.99:1
Debt to equity ratio	$\frac{\text{Accounts payable + accrued expenses + interest bearing loans}}{\text{Total equity (capital)}}$	0.13:1	0.14:1
Interest rate coverage ratio	$\frac{\text{Net income before income tax}}{\text{Interest expense}}$	52.26:1	32.32:1
Revenue growth	$\frac{(\text{CY tuition + other school fees}) - (\text{PY tuition + other school fees})}{\text{PY tuition + other school fees}}$	5.45%	7.05%
Return on Revenue	$\frac{\text{Net income}}{\text{Tuition + other school fees}}$	20.80%	19.44%
Return on equity	$\frac{\text{Net income}}{\text{Average stockholder's equity}}$	13.79%	12.54%
Return on assets	$\frac{\text{Net Income}}{\text{Average total assets}}$	10.07%	9.18%

Centro Escolar University
Schedule A – Financial Assets
 March 31, 2015

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end of reporting period	Income received and accrued
<i>Available for sale investments</i>				
Casino Espanol de Manila	1	P200,000	P200,000	P–
PLDT- Common	72	196,560	205,632	9,072
Polymedic General Hospital	80	110,000	110,000	–
PLDT- Preferred	9,500	95,000	95,000	–
PLDT Comm & Energy Ventures, Inc. (formerly Pilipino Telephone Corp.)	300	1,317	1,317	–
	<u>9,881</u>	<u>P602,877</u>	<u>P602,877</u>	<u>P9,072</u>
<i>Investment in a Subsidiary</i>				
CEU Hospital Inc.	–	62,500,000	62,500,000	–
Centro Escolar Integrated School		11,250,000	11,250,000	–
	<u>9,881</u>	<u>P74,352,877</u>	<u>P74,352,877</u>	<u>P9,072</u>

*The revaluation of AFS financial assets amounting to a gain of P9,072 was recognized under other comprehensive income.

Centro Escolar University

Schedule B – Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Affiliates)*
March 31, 2015

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Amounts collected	Amounts written off	Current	Not current	
Travel Tour Loan							
Albano, Heidi Rosario Tripona – Faculty	₱–	₱273,581	₱ 80,564	₱–	₱193,017	₱–	₱193,017
Bacud, Maria Myriam – Faculty		273,581	88,236		185,345		188,345
Balboa, Lolita – Faculty		273,581	88,237		185,344		185,344
Bautista, Remy – Faculty		273,551	84,370		189,181		189,181
Calixtro, Angelina – Faculty		273,581	88,237		185,344		185,344
Chny, Cynthia – Faculty		273,581	88,237		185,344		185,344
Dela Cruz, Edna - Faculty		273,581	88,237		185,344		185,344
Del Mundo, Gloria – Faculty		273,581	84,400		189,181		189,181
Dilangco, Ma. Digna – Faculty		273,581	88,237		185,344		185,344
Flores, Jocelyn Sofia – Faculty		273,581	88,237		185,344		185,344
Fule, Jocelyn Andrea – Faculty		273,581	88,237		185,344		185,344
Geroy, Lily – Faculty		273,581	88,237		185,344		185,344
Huan, Edwin – Faculty		273,581	92,073		181,508		181,508
Joson, Christi – Faculty		273,581	88,237		185,344		185,344
Lopez, Maria Nelia		273,581	88,237		185,344		185,344
Martinez, Maria Wanda – Faculty		273,581	88,237		185,344		185,344
Obciana, Delma – NT		273,581	86,392		187,189		187,189
Roldan, Rita – Faculty		273,581	187,657		85,924		85,924

(Forward)

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period	
			Amounts collected	Amounts written off	Current	Not current		
Salonga, Carmencita – Faculty		273,581	88,237		185,344		185,344	
Salivio, Araceli - NT		273,581	88,237		185,344		185,344	
Victorino, Eduardo – Faculty		273,581	84,400		189,181		189,181	
<i>CE-IS Stockholders</i>								
Ma. Cristina D. Padolina – President	250,000				250,000		250,000	
Corazon M. Tiongco	250,000				250,000		250,000	
		₱500,000	₱5,745,171	₱1,935,173	₱–	₱4,309,998	₱–	₱4,309,998

Note: *This schedule pertains to advances above PHP100, 000 only.

Centro Escolar University
Schedule C – Amounts Receivable from Related Parties which are eliminated during the Consolidation of financial assets
March 31, 2015

Name and Designation o debtor	Balance at beginning of period	Additions	Deductions		Ending balance	
			Amounts collected	Amounts written off	Current	Not current
Centro Escolar University Hospital Inc.	₱3,700	₱75,000	₱-	₱-	₱78,700	₱-
Centro Escolar Integrated School	₱16,024	788,680	-	-	804,704	₱-
TOTAL	₱19,724	₱863,680	₱-	₱-	883,404	₱-

Centro Escolar University
Schedule D – Intangible Assets – Other Assets
March 31, 2015

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes Additions(deductions)	Ending balance
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As of March 31, 2015, the University has no intangible assets.

Centro Escolar University
Schedule E – Long Term Debt
March 31, 2015

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption “Current portion of Long-term debt” in related statement of financial position	Amount shown under caption “Long-term Debt” in related statement of financial position
Term Loans	₱500,000,000	₱40,000,000	₱34,675,786

10 annual installments
July 5, 2007 to July 5, 2016

Centro Escolar University
Schedule F – Indebtedness to Related Parties (Long-Term Loans from Related Companies)
March 31, 2015

Name of Related Party	Balance at beginning of period	Balance at end of period
-----------------------	--------------------------------	--------------------------

As of March 31, 2015, the University has no long term loans from related companies.

Centro Escolar University
Schedule G – Guarantees of Securities of Other Issuers
March 31, 2015

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by persons for which statement is filed	Nature of guarantee
--	---	---	--	---------------------

As of March 31, 2015, the University has no guaranteed securities by other issuers.

Centro Escolar University
Schedule H – Capital Stock
March 31, 2015

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Centro Escolar University	372,414,400	372,414,400	–	182,584,694	61,728,512	128,101,194

CENTRO ESCOLAR UNIVERSITY

ANNUAL CORPORATE GOVERNANCE REPORT

**SEC FORM - ACGR
FOR FISCAL YEAR ENDED MARCH 31, 2015**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

**ANNUAL CORPORATE GOVERNANCE REPORT
Consolidated Changes in the ACGR for 2015**

1. For the Fiscal Year Ended March 31, **2015**

1. Exact Name of Registrant as Specified in its CharterL: **CENTRO ECOLAR UNIVERSITY**

3. **No. 9 Mendiola Street, San Miguel, Manila** **1007**
Address of Principal Office Postal Code

4. SEC Identification Number 5. (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification 000-531-126-000

7. **(02)735-6861**
Issuer’s Telephone number, including area code

8.
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Nine (9)
---	----------

Actual number of Directors for the year	Nine (9)
---	----------

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Basilio C. Yap	NED	N/A	Dr. Perez	7/2014	July 2014	Annual	
Dr. Ma. Cristina D. Padolina	ED	N/A	Dr. Perez	8/2006	July 2014	Annual	7
Dr. Angel C. Alcala	ID		Dr. Perez (no relation)	7/2008	July 2014	Annual	7
Dr. Emil Q. Javier	ID		Dr. Perez (no relation)	7/2002	July 2014	Annual	14
Benjamin C. Yap	ED	N/A	Dr. Perez	7/2014	July 2014	Annual	
Dr. Emilio C. Yap	NED	N/A	Dr. Perez	9/2009	July 2014	Annual	6
Dr. Alejandro C. Dizon	NED	N/A	Dr. Perez	8/2007	July 2014	Annual	8
Dr. Johnny C. Yap	NED	N/A	Dr. Perez	10/2007	July 2014	Annual	8
Ms. Corazon M. Tiongco	ED	N/A	Dr. Perez	2000	July 2014	Annual	15

Annual Stockholders' Meeting held on July 22, 2014.
 Reference:
 CEU Results of ASM of July 22, 2014

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

Policies:

The Board of Directors and Management of CEU committed themselves to the principles and best practices contained in its Revised Manual on Corporate Governance and acknowledged that the Revised Manual serves as their guide to the attainment of their corporate goals.

The Shareholders, Board of Directors and Senior Management believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness and ensure compliance to corporate governance policies and practices within the

¹ Reckoned from the election immediately following January 2, 2012.

organization. The Board also believes that complete, adequate and timely material information should be given to the public.

The Board shall respect the rights of the stockholders as provided for in the Corporation Codes, namely:

- i. Right to vote on all matters that require their consent and approval;
- ii. Pre-emptive right to all stock issuances of the corporation;
- iii. Right to inspect corporate books and records
- iv. Right to information
- v. Right to dividends; and
- vi. Appraisal right

The Board has likewise adopted the corporate governance policy to protect the rights of minority stakeholders under the Revised Code of Corporate Governance:

- A director shall not be removed without

The Company's Board of Directors has adopted the principle of "one share, one vote" policy to ensure that all shareholders are treated equally with respect to voting rights, subscription rights and transfer rights. By having 2 independent directors elected during the annual stockholders' meeting the Board of Directors has established effective shareholder voting mechanisms such as "majority of minority" to protect minority shareholders against actions of controlling shareholders. The Company provides all shareholders with the notice and agenda of the annual general meeting (AGM) at least 15 business days prior to the meeting so as to allow shareholders to call a special shareholders' meeting and submit a proposal for consideration at the AGM or the special meeting. During the annual shareholders' meeting, the Board ensures the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.

(c) How often does the Board review and approve the vision and mission?

The Board of Directors of Centro Escolar University reviews and approved the vision and mission of the University annually during the annual organizational meeting of the University.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Basilio C. Yap	Centro Escolar University Hospital, Inc.	Non-Executive Director-Chairman
Dr. Ma. Cristina D. Padolina	Centro Escolar University Hospital, Inc. Centro Escolar Integrated School	Executive Director-Vice Chairman Non-Executive
Corazon M. Tiongco	Centro Escolar University Hospital, Inc. Centro Escolar Integrated School	Non-Executive Non-Executive
Dr. Emil Q. Javier	Centro Escolar University Hospital, Inc.	Non-Executive
Benjamin C. Yap	Centro Escolar University Hospital, Inc.	Non-Executive

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

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(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Basilio C. Yap	Philtrust Bank	Non-Executive Director-Vice Chairman
	Manila Bulletin	Non-Executive Director-Chairman
Dr. Emilio C. Yap III	Manila Bulletin	Executive-Director
	Philturst Bank	Executive-Director
Dr. Johnny C. Yap	Euromed Laboratories Phils.	Executive-Vice Chairman
	Philtrust Bank	Executive-Treasurer

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Benjamin C. Yap	Basilio C. Yap	Brother
Dr. Emilio C. Yap III	Emilio T. Yap	Uncle
Dr. Johnny C. Yap	Emilio T. Yap	Uncle

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporation. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.	No limit has yet been set on the maximum number of executive directorship in other companies. However, for listed companies the maximum number of executive directorship is five (5) board seats.
Non-Executive Director	Non-executive directors, who, at the same time, serve as full-time executives in other corporations, may be covered by a lower indicative limit of membership in other boards. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities should not be	No limit has yet been set on the maximum number of non-executive directorship in other companies. However, for listed companies the maximum number of directorship is five (5) board seats.

	compromised	
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CEO	The Chief Executive Officer may be covered by a lower indicative limit of membership in other boards. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities should not be compromised.	No limit has yet been set on the maximum number of non-executive directorship in other companies. However, for listed companies the maximum number of directorship is five (5) board seats.
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(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Basilio C. Yap	1,001	0.00	0.0003%
Dr. Ma. Cristina D. Padolina	38,316	0.00	0.0103%
Dr. Emil Q. Javier	1	0.00	0.0000%
Dr. Angel C. Alcala	1	0.00	0.0000%
Benjamin C. Yap	800	0.00	0.00002%
Dr. Alejandro C. Dizon	51,837	49,981,575	13.4210%
Corazon M. Tiongco	10,108,404	0.00	2.7143%
Dr. Emilio C. Yap III	267,173	0.00	0.0717%
Dr. Johnny C. Yap	1,000	0.00	0.0003%
TOTAL	10,468,533	49,981,575	16.218%

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes / No

Identify the Chair and CEO:

Chairman of the Board	Basilio C. Yap
Chief Academic Officer/President	Dr. Ma. Cristina D. Padolina

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Maintain qualitative and timely lines of communication and information between the Board and Management	Exercise general supervision of the business, affairs and property of the Corporation, and over its several officers and employees.
Accountabilities	<p>Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary;</p> <p>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors.</p>	<p>Act as Acting Chairman at and call to order all meetings of the stockholders of the corporation.</p> <p>See that all orders and resolutions of the Board are carried into effect.</p> <p>Perform such other duties as from time to time may be assigned by the Board.</p>
Deliverables	Attendance in regular and special board meeting, ensuring the presence of a quorum for transaction of corporate business.	Submit to the Board a monthly oOperations report during regular meeting and after the close of each fiscal year, submit to the Board and stockholder at each annual meeting a complete report of the operations of the corporation for the preceding year, and the state of affairs of the corporation.

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The President/CEO and other top management positions are elected by the Board during the Organizational meeting after the stockholders' meeting. Since the President/CEO and other top management officials are part of the Board, they are exposed and familiar with the policies set by the Board for implementation. The Board, particularly the Independent Directors who are also members of the Audit Committee observe and assess their performance closely. This also prepare others for any top management position in case of vacancy.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes, experience and background are considered in the choice of members of the Board. One of the Independent Director is a former Chairman of CHED, and Former Secretary of DENR. One executive director is a former Chancellor of the UP Open University and Commissioner of CHED and the other Independent director is former President of the University of the Philippines. Other Directors are successful businessmen and professionals.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes, one of the Independent director is a Former President of the University of the Philippines.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent

Directors:

	Executive	Non-Executive	Independent Director
Role	To design, develop and implement strategic plans for the company in a cost-effective and time-efficient manner.	To constructively challenge and contribute to the development of business strategies. To scrutinize the performance of management in meeting agreed goals and objectives and monitoring and in succession planning.	The role of independent directors is to provide an outside perspective, supporting the chair in leading the board and to assist the board in the development of policy-making and planning.
Accountabilities	Responsible for the day-to-day operation of the organization, including managing committees and staff and developing business plans in collaboration with the board for the future of the organization	Not involved in the day-to-day running of business. Monitors the executive activity and contributes to the development of business strategies.	Evaluate management performance and making sure that financial information provided to shareholders is accurate and complete independent directors should also ensure that a robust risk-management system is in place.
Deliverables	Accountable to the Chairman of the Board and reports to the board on a regular basis. The board may offer suggestions and ideas about how to improve the company, but the Executive Director decides whether or not, and how, to implement these ideas.	Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible. Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing senior management and in succession planning.	There must be at least one independent director in Nominations, Audit and Remuneration Committee. The Independent director shall perform its duties in accordance with the respective committee charters.

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence for the Company is an essential part of professionalism and professional behavior. It refers to the avoidance of being unduly influenced by a vested interest and to being free from any constraints that would prevent a correct course of action being taken. It is an ability to 'stand apart' from inappropriate influences to be able to make the correct and uncontaminated decision.

Centro Escolar University in its continuous commitment to the educational needs of our youth and our democratic institutions maintains its philosophy of Ciencia y Virtud/Science and virtue and its mission to build a brighter future of its students in the Philippines and the World.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four

additional years? Please explain.

The company in compliance with SEC Memorandum Circular No 9 series of 2011, have a term limit for independent directors of five (5) consecutive years. After completion of the five (5) year service period, an independent director shall be ineligible for election as such in the company until he has undergone a “cooling off” period of two (2) years. An independent director re-elected after the “cooling off” period can serve for another five (5) consecutive years, provided that, after serving as independent director for ten (10) years, the independent director shall no longer be considered.

Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Dr. Emilio T. Yap	Chairman of the Board	April 7, 2014	Death

SEC 17C Dr. Emilio T. Yap died April 7, 2014

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Evaluation by the Board on the recommendation of the Nomination Committee, ratified at Annual Stockholder’s Meeting	<ul style="list-style-type: none"> a. College education or equivalent academic degree. b. Practical understanding of the business of the corporation c. Membership in good standing in relevant industry, business or professional organization d. Previous business experience.
(ii) Non-Executive Directors	Evaluation by the Board on the recommendation of the Nomination Committee, ratified at Annual Stockholder’s Meeting.	<ul style="list-style-type: none"> a. College education or equivalent academic degree b. Practical understanding of the business of the corporation c. Membership in good standing in relevant industry, business or professional organization d. Previous business experience

(iii) Independent Directors	Evaluation by the Board on the recommendation of the Nomination Committee, ratified at Annual Stockholder's Meeting.	<ul style="list-style-type: none"> a. College education or equivalent academic degree b. Practical understanding of the business of the corporation c. Membership in good standing in relevant industry, business or professional organization d. Previous business experience
b. Re-appointment		
(i) Executive Directors	Evaluation by the Board on the recommendation of the Nomination Committee, ratified at Annual Stockholder's Meeting.	<ul style="list-style-type: none"> a. College education or equivalent academic degree b. Practical understanding of the business of the corporation c. Membership in good standing in relevant industry, business or professional organization d. Previous business experience
(ii) Non-Executive Directors	Evaluation by the Board on the recommendation of the Nomination Committee, ratified at Annual Stockholder's Meeting.	<ul style="list-style-type: none"> a. College education or equivalent academic degree b. Practical understanding of the business of the corporation c. Membership in good standing in relevant industry, business or professional organization d. Previous business experience
(iii) Independent Directors	Evaluation by the Board on the recommendation of the Nomination Committee, ratified at Annual Stockholder's Meeting	<ul style="list-style-type: none"> a. College education or equivalent academic degree b. Practical understanding of the business of the corporation c. Membership in good standing in relevant industry, business or professional organization d. Previous business experience
c. Permanent Disqualification		
(i) Executive Directors	No director has been disqualified in accordance with the criteria	<ul style="list-style-type: none"> 1. Conviction by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined under the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment, adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them. 2. Any person who, by reason of his

		<p>misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>3. Any person who is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>4. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.</p> <p>5. Any person who has been adjudged by final judgment or order of the Commission, court or competent administrative body to have willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities</p>
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		<p>Regulation Code, or any other law administered by the Commission or SSP, or any of its rule, regulation or order.</p> <p>6. Any person judicially declared as insolvent.</p> <p>7. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to an or the acts, violations or misconduct enumerated in sub-paragraphs (1) to (5) above.</p> <p>8. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors	No director has been disqualified in accordance with the criteria	<p>1. Conviction by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined under the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.</p> <p>2. Any person who, by reason of his misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and</p>

		<p>(b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>3. Any person who is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>4. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.</p> <p>5. Any person who has been adjudged by final judgment or order of the Commission, court or competent administrative body to have willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or SSP, or any of its rule, regulation or order.</p> <p>6. Any person judicially declared as insolvent.</p> <p>7. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to an or the acts, violations or misconduct enumerated in sub-paragraphs (1) to (5) above.</p> <p>8. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or violation of</p>
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		the Corporation Code committed within five (5) years prior to the date of his election or appointment.
(iii) Independent Directors	No director has been disqualified in accordance with the criteria	<p>1. Conviction by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined under the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.</p> <p>2. Any person who, by reason of his misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>3. Any person who is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-</p>

		<p>regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.</p> <p>4. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.</p> <p>5. Any person who has been adjudged by final judgment or order of the Commission, court or competent administrative body to have willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code, or any other law administered by the Commission or SSP, or any of its rule, regulation or order.</p> <p>6. Any person judicially declared as insolvent.</p> <p>7. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to an or the acts, violations or misconduct enumerated in sub-paragraphs (1) to (5) above.</p> <p>8. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
d. Temporary Disqualification		
(i) Executive Directors	No director has been temporary disqualified in accordance with the criteria	<p>1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>2. Absence in more than fifty (50%) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during his incumbency, unless the absence is due to illness, death in</p>

		<p>the immediate family or serious accident. The disqualification shall apply for purpose4s of the succeeding election.</p> <p>3. Dismissal or termination for cause as director of any corporation covered by this Code. This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>4. If any of the judgments or order cited in the grounds of disqualification has not become final.</p> <p>A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(ii) Non-Executive Directors	No director has been temporary disqualified in accordance with the criteria	<p>1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>2. Absence in more than fifty (50%) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during his incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purpose4s of the succeeding election.</p> <p>3. Dismissal or termination for cause as director of any corporation covered by this Code. This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>4. If any of the judgments or order cited in the grounds of disqualification has not become final.</p> <p>A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct</p>

		the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
(iii) Independent Directors	No director has been temporary disqualified in accordance with the criteria	<p>1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>2. Absence in more than fifty (50%) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during his incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purpose4s of the succeeding election.</p> <p>3. Dismissal or termination for cause as director of any corporation covered by this Code. This disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>4. If any of the judgments or order cited in the grounds of disqualification has not become final.</p> <p>A temporary disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
e. Removal		
(i) Executive Directors	No director has been removed in accordance with the criteria	Any of the above instances for permanent disqualification.
(ii) Non-Executive Directors	No director has been removed in accordance with the criteria	Any of the above instances for permanent disqualification.
(iii) Independent Directors	No director has been removed in accordance with the criteria	Any of the above instances for permanent disqualification.
f. Re-instatement		
(i) Executive Directors	No director has been reinstated in accordance with the criteria	Any person who is permanently disqualified as a director shall not be eligible for reinstatement.
(ii) Non-Executive Directors	No director has been reinstated in accordance with the criteria	Any person who is permanently disqualified as a director shall not be

		eligible for reinstatement.
(iii) Independent Directors	No director has been reinstated in accordance with the criteria	Any person who is permanently disqualified as a director shall not be eligible for reinstatement.
g. Suspension		
(i) Executive Directors	No director has been suspended in accordance with the criteria	Any of the above instances for temporary disqualification.
(ii) Non-Executive Directors	No director has been suspended in accordance with the criteria	Any of the above instances for temporary disqualification.
(iii) Independent Directors	No director has been suspended in accordance with the criteria	Any of the above instances for temporary disqualification.

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Basilio C. Yap	Unanimous vote of all stockholders present and represented during the annual stockholders meeting.
Dr. Ma. Cristina D. Padolina	Unanimous vote of all stockholders present and represented during the annual stockholders meeting.
Emilio C. Yap III	Unanimous vote of all stockholders present and represented during the annual stockholders meeting.
Dr. Alejandro C. Dizon	Unanimous vote of all stockholders present and represented during the annual stockholders meeting.
Dr. Johnny C. Yap	Unanimous vote of all stockholders present and represented during the annual stockholders meeting.
Ms. Corazon M. Tiongco	Unanimous vote of all stockholders present and represented during the annual stockholders meeting.
Benjamin C. Yap	Unanimous vote of all stockholders present and represented during the annual stockholders meeting.

5) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

ICD Orientation/Seminar

(b) State any in-house training and external courses attended by Directors and Senior Management³ for the past

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

three (3) years:

one (1)

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Dr. Emil Q. Javier	November 22, 2014	Orientation Course on Corporate Governance	THE INSTITUTE OF CORPORATE DIRECTORS
Basilio C. Yap Dr. Ma. Cristina D. Padolina Emilio C. Yap III Johnny C. Yap Ms. Corazon M. Tiongco Benjamin C. Yap	October 18, 2014	Orientation Course on Corporate Governance	THE INSTITUTE OF CORPORATE DIRECTORS

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The Company does not permit conflict of interest.	The Company does not permit conflict of interest.	The Company does not permit conflict of interest.
(b) Conduct of Business and Fair Dealings	The Company adheres to the principle of fairness in the conduct of its business and dealings.	The Company adheres to the principle of fairness in the conduct of its business and dealings.	The Company adheres to the principle of fairness in the conduct of its business and dealings.
(c) Receipt of gifts from third parties	The Company requires disclosure and regulates the receipt of gifts from third parties.	The Company requires disclosure and regulates the receipt of gifts from third parties.	The Company requires disclosure and regulates the receipt of gifts from third parties.
(d) Compliance with Laws & Regulations	The Company requires compliance with applicable laws and regulations.	The Company requires compliance with applicable laws and regulations.	The Company requires compliance with applicable laws and regulations.
(e) Respect for Trade Secrets/Use of Non-public Information	The Company treats as confidential trade secrets and regulates use of non-public information.	The Company treats as confidential trade secrets and regulates use of non-public information.	The Company treats as confidential trade secrets and regulates use of non-public information.
(f) Use of Company Funds, Assets and Information	The Company only allows the authorized use of its funds, Assets and information.	The Company only allows the authorized use of its funds, Assets and information.	The Company only allows the authorized use of its funds, Assets and information.
(g) Employment & Labor Laws & Policies	The Company requires compliance with laws, rules and policies on employment and labor.	The Company requires compliance with laws, rules and policies on employment and labor.	The Company requires compliance with laws, rules and policies on employment and labor.
(h) Disciplinary action	The Company enforces its rules and regulations.	The Company enforces its rules and regulations.	The Company enforces its rules and regulations.
(i) Whistle Blower	No whistle blower policy is in place.	No whistle blower policy is in place.	No whistle blower policy is in place.
(j) Conflict Resolution	Undertaken by the Board of Directors.	Undertaken by the Administration Department	Undertaken by the Administration Department

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes, the Company’s code of conduct, which is embodied in the Company Rules and Regulations, is furnished to all directors, senior management and employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Each new director, officer and employee is personally furnished a copy of the Company Rules and Regulations. The Company acts immediately on all complaints for alleged violations of the Company Rules and Regulations and imposes the corresponding penalty after observance of due process.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company’s policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company regulates related party transactions. Prompt notice of related party transactions is required to be given to the Board, which in turn review and decides whether to approve, ratify, disapprove or reject the same.
(2) Joint Ventures	The Company regulates related party transactions. Prompt notice of related party transactions is required to be given to the Board, which in turn review and decides whether to approve, ratify, disapprove or reject the same.
(3) Subsidiaries	The Company regulates related party transactions. Prompt notice of related party transactions is required to be given to the Board, which in turn review and decides whether to approve, ratify, disapprove or reject the same.
(4) Entities Under Common Control	The Company regulates related party transactions. Prompt notice of related party transactions is required to be given to the Board, which in turn review and decides whether to approve, ratify, disapprove or reject the same.
(5) Substantial Stockholders	The Company regulates related party transactions. Prompt notice of related party transactions is required to be given to the Board, which in turn review and decides whether to approve, ratify, disapprove or reject the same.
(6) Officers including spouse/children/siblings/parents	The Company regulates related party transactions. Prompt notice of related party transactions is required to be given to the Board, which in turn review and decides whether to approve, ratify, disapprove or reject the same.
(7) Directors including spouse/children/siblings/parents	The Company regulates related party transactions. Prompt notice of related party transactions is required to be given to the Board, which in turn review and decides whether to approve, ratify, disapprove or reject the same.

	the same.
(8) Interlocking director relationship of Board of Directors	The Company regulates related party transactions. Prompt notice of related party transactions is required to be given to the Board, which in turn review and decides whether to approve, ratify, disapprove or reject the same.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None (There are no actual or probable conflicts of interest involving any director.
Name of Officer/s	None (There are no actual or probable conflicts of interest involving any director.
Name of Significant Shareholders	None (There are no actual or probable conflicts of interest involving any shareholders owning 5% or more.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	<p>It is the responsibility of each director and senior manager to promptly notify the Board, through the Company's Corporate Secretary, of any actual or potential conflict of interest as soon as they become aware of it. It is the responsibility of a director or senior manager who has an actual or potential conflict of interest with the Company to inform the Board, through the Company's Corporate Secretary, and obtain approval prior to entering into the transaction.</p> <p>A transaction characterized by an actual or potential conflict of interest should be brought before the Board Audit Committee, which will determine if such transaction will benefit the Company. The Board Audit Committee shall then present the matter to the Board for discussion.</p> <p>The conflicted board member shall not participate in discussions on transactions in which he/she is a conflicted party and shall also abstain from voting on such issues. The directors, excluding the conflicted director, should constitute a quorum in order to proceed with such meeting.</p>
Group	There are no interlocking Directors in the group. There are "Interlocking Directors" where a member of the Company's board of directors also serves on another company's board where he own shares exceeding twenty percent (20%) of the latter's outstanding capital stock.

	<p>In deciding transactions between companies with Interlocking Directors, the directors shall be guided by the rule that approval of transactions are subject to the following condition:</p> <ol style="list-style-type: none"> 1. The presence of director in the board meeting in which the contract was approved is not necessary to constitute a quorum for such meeting; 2. The vote of such director is not necessary for approval of the contract; 3. The contract is fair and reasonable under the circumstances; and 4. In the case of an officer, the contract with the officer has to be previously authorized by the board of directors.
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5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None (There are no known family, commercial, contractual or business relations between any holder of significant equity)	Not applicable	Not applicable

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Not applicable	Not applicable	Not applicable

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None (There are no known shareholder agreements that may impact on the control, ownership and strategic direction of the Company)	Not applicable	Not applicable

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties,

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

including regulatory authorities.

Alternative Dispute Resolution System	
Corporation & Stockholders	The Company prefers to amicably resolve dispute involving stockholders.
Corporation & Third Parties	The Company prefers to amicably resolve disputes involving third parties.
Corporation & Regulatory Authorities	The company prefers to amicably resolve disputes involving regulatory authorities. Resort to higher authority should only be made after the dispute has not been resolved within a reasonable time.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

The Board of Directors' meeting are scheduled on the last Friday of the month.

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Emilio T. Yap	July 23, 2013	3	3	100
Chairman	Basilio C. Yap	July 22, 2014	9	9	100
Member	Dr. Ma. Cristina D. Padolina	July 22, 2014	12	12	100
Member	Benjamin C. Yap	July 22, 2014	5	5	100
Member	Ricardo de Leon	July 23, 2013	7	7	100
Member	Dr. Alejandro C. Dizon	July 22, 2014	12	8	67
Member	Dr. Emilio C. Yap III	July 22, 2014	12	12	100
Member	Dr. Johnny C. Yap	July 22, 2014	12	11	92
Member	Dr. Corazon M. Tiongco	July 22, 2014	12	11	92
Independent	Dr. Angel C. Alcala	July 22, 2014	12	12	100
Independent	Dr. Emil Q. Javier	July 22, 2014	12	9	75

The University's fiscal year ends on March 31, 2014.

SEC 17C Dr. Emilio T. Yap died April 7, 2014; SEC 17C Mr. Basilio C. Yap was elected Director and Chairman of the Board last April 25, 2014.

SEC 17C Dr. Ricardo F. de Leon resigned last July 22, 2014; CEU Annual Stockholders Meeting Mr. Benjamin C. Yap was elected Director last July 22, 2014.

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

No, non-executive directors did not have a meeting without the presence of any executive directors.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

No, the amended by-laws of the company requirement are majority of the board members.

- 5) Access to Information

- (a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

Board papers are given three days in advance for the board of the directors meetings.

- (b) Do board members have independent access to Management and the Corporate Secretary?

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Yes, Board members have independent access to Management and Corporate Secretary.

- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Roles of the Corporate Secretary are:

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation.
- Be loyal to the mission, vision and objectives of the corporation.
- Work fairly and objectively with the Board, Management and stockholders.
- Have appropriate administrative and interpersonal skills.
- If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.
- Have a working knowledge of the operations of the corporation.
- Inform the members of the Board, in accordance with the by-laws of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.
- Ensure that all Board procedures, rules and relations are strictly followed by the members.
- If he is also the Compliance Officer, perform all the duties and responsibility of the said officer as provided in Manual of Corporate Governance.
- Perform other duties which the Board may deem fit.

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes, the Corporate Secretary is well trained in legal, accountancy and corporate secretarial policies. He is a Lawyer by profession.

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes /

No

Committee	Details of the procedures
Executive	Members of the executive committee will be given notice and agenda of the monthly board meetings by the executive secretary five days in advance of the set meetings
Audit	Members of the audit committee will be given notice and agenda of the quarterly board meetings by the internal audit head five days in advance of the set meetings
Nomination	Members of the nomination committee will be given notice and agenda of the annual board meeting by the chairman of the committee five days in advance of the set meeting.
Remuneration	Members of the remuneration committee will be given notice and

	agenda of the semi-annual board meetings by the chairman of the committee five days in advance of the set meeting.
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6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
No procedure exists	So far there is no felt need for advice.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
N/A	N/A	N/A

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Monthly Salary and Allowances	Monthly Salary and Allowances
(2) Variable remuneration	Not applicable	Not applicable
(3) Per diem allowance	Every Board meeting	Every Board meeting, if director
(4) Bonus	Performance, Midyear and Christmas Bonuses	Performance, Midyear and Christmas Bonuses
(5) Stock Options and other financial instruments	Not applicable	Not applicable
(6) Others (specify)	Not applicable	Not applicable

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company’s policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Fixed Remuneration, Bonuses and Per diems allowances	Monthly Salary and Allowances, Bonuses, Per diems	Based on the established company salary structure
Non-Executive Directors	Per diems, allowances, Christmas Bonus	Directors’ Fee	Amount of Per diem allowance and Christmas bonus were set and approved by the Board and ratified by the stockholders in the annual meeting.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders’ Approval
N/A	N/A

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	₱3,517,156.74	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	₱1,980,000.00	₱2,640,000.00	₱1,320,000.00
(d) Bonuses	₱1,749,134.04	₱1,000,000.00	₱500,000.00
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
Total			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	None	None	None
2) Credit granted	None	None	None
3) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total	-	-	-

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
No member of the Board of Directors owns or is entitled to stock rights, options or warrants over the	Not applicable	Not applicable	Not applicable	Not applicable

company's share				
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(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
Not applicable. No incentive programs exist for Board of Directors, etc.	Not applicable	Not applicable

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Dr. Teresa R. Perez	₱2,101,001.57
Dr. Erna V. Yabut	₱2,011,442.04
Dr. Flordeliza Anastacio	₱1,626,544.00
Dr. Olivia Limuaco	₱1,823,790.00
Dr. Carlito B. Olaer	₱1,873,201.90

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3			The role and responsibilities of the Executive Committee are established by the Board of Directors. The executive committee constitutes the Company's top management	The Executive Committee is to act on behalf of the Board during intervals between meetings of the Board in order to provide a degree of flexibility and ability to respond to time sensitive business and legal matters.	The Committee shall have, and may exercise, all the powers of the Board in the management of the business and affairs of the Company between meetings of the Board, except (a) as limited by the Company's certificate of incorporation or by-laws, each as amended, or applicable law or regulation and (b) with respect to matters that are specifically reserved for another committee of the Board.	Subject to applicable rules, procedures, restrictions, resolutions, and requirements of the Board or of the Constitution and by-laws, the Executive Committee (i) acts on the Board's behalf between Board meetings and (ii) by vote of two-thirds of its entire voting memberships, after seeking advice from all of the Board's voting members may adopt or modify company's policy. The Board, at its next meeting, shall review Executive Committee minutes and may modify, reject or ratify any Executive Committee action.
Audit			2	The Audit Committee Charter sets out the policies, responsibilities and authority of the Company's Audit Committee (the "Committee") and the procedures that shall guide the function of the Committee,	Assist the Board in the performance of its, oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and	The Committee shall provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders relating to the integrity of the company's financial statements and the financial reporting processes.	To deal with, and where applicable resolve, determine finally and approve, all matters falling within the scope of its purpose, function and duties as set out in its Charter and all other matters that may be delegated by the Board to the

				including the rules governing the Committee.	regulations.		Committee from time to time.
Nomination	1	1	1	The Nomination Committee supports and advises the Board in relation to the selection and appointment of Directors who are able to meet the needs of the Company and the ongoing evaluation and review of the performance of the Board and the Directors.	To review and evaluate the qualifications of all persons nominated to the Board and other appointment that require board approval.	To assess the effectiveness of the Boards' processes and procedure in the election or replacement of directors.	To recommend to the Board of Directors nominees to fill vacancies in membership of the Board of Directors as they occur and, prior to each Annual Meeting of Stockholders, recommend a slate of nominees for election as directors at such meeting.
Remuneration	2	3		The Remuneration Committee assists the Board to fulfill its responsibilities to shareholders and regulators in relation to the remuneration within the company.	To establish a formal and transparent procedure for developing a policy on remuneration of directors and officers.	To ensure that compensation of directors and officers is consistent within the corporation's culture, strategy and the business environment in which it operates.	The Committee is authorized to appoint independent remuneration experts to advise them on specific remuneration issues, and seek any information it requires from any employee who must cooperate with any request made by the Committee.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Dr. Ma. Cristina D. Padolina	yearly	8	8	100	one year
Member	Mr. Irineo C. Espino	yearly	8	8	100	one year
Member (NED)	Mr. Cesar F. Tan	early	8	8	100	one year

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Dr. Emil Q. Javier	yearly	3	3	100	Yearly
Member (ID)	Dr. Angel C. Alcalá	yearly	3	3	100	Yearly
Member (NED)	Atty. Sergio F. Apostol	yearly	3	3	100	Yearly

Disclose the profile or qualifications of the Audit Committee members.

Chairman: Dr. Emil Q. Javier

Dr. Emil Q. Javier, 74 years old, Filipino, an independent director. Became member of the Board of Directors of the University in July 2002. He is a Trustee of the Asia Rice Foundation, Head Advisor of the Biotech Coalition of the Philippines and Academician of the National Academy of Science and Technology (Phils.). He is likewise a Board member of the International Service for the Acquisition of Agri-Biotech Applications (Sout6h East Asia Center), Nutrition Center of the Philippines, Member, Advisory Committee of Japan International Cooperation Agency (JICA) Phils., and Independent Director of CEU Hospital, Inc. and Del Monte Pacific Ltd.

Member: Dr. Angel C. Alcala

Former CHED Commissioner Dr. Angel C. Alcala, 86 years old, Filipino an independent director. Became member of the Board of Directors of the University in July 2008. He was also former President of Silliman University and Secretary of Department of Environment and Natural Resources. He is presently the President of Cap College, Makati, Chairman of the Silliman University-Angelo Kind Center for Research and Environmental Management (SUAKCREM) and Professor Emeritus, Silliman University.

Member: Atty. Sergio F. Apostol

Atty. Sergio F. Apostol, 80 years old, Filipino was elected Corporate Secretary and Compliance Officer on February 26, 2010. He is a member of the Board of Directors of Manila Hotel and Chairman and Chief Executive Offricer of Katrix Agri-Aqua Corporation. He is also a member of the Audit and Nomination Committee. Member of the House of Representatives 13th Congress.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee is responsible for reviewing the performance and recommending the appointment, retention or discharge of the independent auditors. They shall ensure that the independent auditors are ultimately accountable to the Board of Directors and shareholders of the Company and they shall determine specific policies and procedures to ensure that the independence of the external auditors is maintained.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Dr. Ma. Cristina D. Padolina	yearly	2	2	100	Yearly
Member (ED)	Ms. Corazon M. Tiongco	yearly	2	2	100	Yearly
Member (ID)	Dr. Emil Q. Javier	yearly	2	2	100	Yearly
Member	Atty. Sergio F. Apostol	yearly	2	2	100	Yearly

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Dr. Ma. Cristina D. Padolina	yearly	12	12	100	Yearly
Member	Mr. Irineo C. Espino	yearly	12	12	100	Yearly
Member	Mr. Cesar F. Tan	yearly	12	12	100	Yearly

Member	Dr. Erna V. Yabut	yearly	12	12	100	Yearly
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Procurement Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ms. Corazon M. Tiongco	yearly	12	12	100	Yearly
Vice Chairman	Mr. Irineo C. Espino	yearly	12	12	100	Yearly
Member	Mr. Cesar F. Tan	yearly	12	12	100	Yearly
Member	, Dr. Teresa R. Pere	yearly	12	12	100	Yearly

(e) Others (Specify) – Compensation Committee

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ma. Cristina D. Padolina	yearly	22	22	100	Yearly
Member	Cesar F. Tan	yearly	22	22	100	Yearly
Member	Erna V. Yabut	yearly	22	22	100	Yearly
Member	Bernardita T. Traje	yearly	22	22	100	Yearly
Member	Eracisimo C. Veranga	yearly	22	22	100	Yearly
Member	Lolita M. Balboa	yearly	22	22	100	Yearly
Member	Ma. Flordeliza L. Anastacio	yearly	22	22	100	Yearly

2) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive		
Audit		
Nomination	N/A	N/A
Remuneration		
Others (specify)		

3) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Recommended resolutions for approval of the Board.	Approval of signing authorities for the company.

Audit	<p>Discussed and recommended the Audited Financial Statements for year ended 2014-2015 for Board approval.</p> <p>Assessed the committee's fulfillment of its responsibilities under the Revised Code of Corporate Governance.</p> <p>Assessed its performance based on the guidelines prescribed in SEC Circular No. 4 (series of 2012).</p> <p>Discussed and recommended appointment of external auditor.</p>	<p>Investigated financial reporting-related issues in Enrolment and Registration System 2 (EARS2)</p> <p>Committee to develop a succession plan for its members and chair, and to set a framework for whistle blower program.</p> <p>Performance evaluation of external auditor.</p>
Nomination	Reviewed the nominations for Board of Directors and gave the list of nominees to the Corporate Secretary	Determination of qualifications and disqualifications.
Remuneration	Review the provisions of the Collective Bargaining Agreement.	Evaluation of the financial economic cost to the company.

4) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Review of company policies	Not applicable
Audit	<p>Review its duties and responsibilities in the next committee meeting.</p> <p>Discuss, prepare, evaluate (1) succession plan (2) whistle blower program (3) business continuity plan (4) Code of Conduct for Management</p>	Preparation of succession plan and whistle blower program and review of the Code of Conduct for Management
Nomination	Review qualifications and temporary disqualifications; review Committee duties and responsibilities	Limitations on the years of service as Executive Directors, Non-executive Directors and Independent Directors
Remuneration	Study/Review of the existing salary scale of faculty and staff	Improvement of the salary scale of faculty and staff.

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

- A successful risk management initiative should be proportionate to the level of risk in the University as related to the size, nature and complexity. This approach will enable a risk management initiative to deliver outputs, including compliance with applicable governance requirements, assurance top stakeholders regarding the management of risk and improved decision making.
- It is the company's policy to avoid exposure to risks, almost all purchases of books are done locally while subscriptions for imported journals and magazines are monitored to ensure delivery.
- Provision for doubtful accounts, collectability receivables has been established for many years now and is considered adequate.
- Assets of the company such as buildings, equipment, furniture, fixtures and inventory are insured against fire, earthquake, flood, etc.
- The company upholds an advocacy of fair dealings with suppliers and high standards of education for students.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Board of Directors of Centro Escolar University understands the importance of risk management. In like manner, the board had reviewed the risks that may challenge the company and is certain that risk management system is effective and adequate.

(c) Period covered by the review;

Fiscal year 2014-2015.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

The Board regularly conducts review of risks on the basis of the report of management at least once a year or as maybe necessary,. Whenever there is a prescribed risk management immediately reports to the executive directors and to the Board.

To assess the effectiveness of risk management system the directors must:

1. Ensure that an overall risk management structure, policies and procedures are being observed by the Company.
2. Review the adequacy of the company's risk management process.
3. Review the results of the annual risk assessment done by the designated Chief Risk Officer (CRO) designated by the executive committee. The report should include the material financial and non-financial risks that may have an impact on the Company and the corresponding measures in addressing the said risks.
4. Evaluate the risk management report submitted by the CRO on a quarterly basis.
5. Monitor the risk management activities of the company and evaluate the effectiveness of the risk

mitigation and action plans, with the assistance of the internal auditors.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Risk Policy

(a) Company

Give a general description of the company’s risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Credit Risk	The Company has an established policy that a student should pay his tuition fee balance before he can be issued a clearance for enrollment.	To ensure collection of tuition fee of currently enrolled students.
Liquidity Risk	The company ensures that it has sufficient cash to meet expected operational expenses and to cover scheduled approved capital expenditures.	To ensure continuous, undisrupted operation of the company and to meet financial obligations as they became due.
Market Risk	Ensures that the Company’s exposure to market risk for changes in interest rates will not significantly affect its interest income from deposits.	To maximize interest income from time deposits.

(b) Group

Give a general description of the Group’s risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Not applicable. The company does not belong to a group	Not applicable.	Not applicable.

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders’ voting power.

Risk to Minority Shareholders
The Company Board of Directors has adopted the principle of “one share, one vote” policy to ensure that all shareholders are treated equally with respect to voting rights, subscription rights and transfer rights. By having 2 independent directors elected during the annual stockholders’ meeting the Board of Directors has established effective shareholder voting mechanisms such as “majority of minority” to protect minority shareholders against actions of controlling shareholders. The Company provides all shareholders with the notice and agenda of the annual general meeting (AGM) at least 15 working days prior to the meeting so as to allow shareholders to call a special shareholders’ meeting and submit a proposal for consideration at the AGM or the special meeting. During the annual shareholders’ meeting, the Board ensures the attendance of the external auditor

and other relevant individuals to answer shareholder questions in such meetings.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	Submission of semester end report of tuition fee balances of students.	Students with balance will not be given clearance for enrollment.
Liquidity Risk	Preparation of daily cash position	Maximize placements on time deposits.
Market Risk	Regular monitoring of interest rates	Maximize interest income on time deposits.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
There is no control system setup because there is no group risk exposure	Not applicable.	Not applicable.

(b) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Executive Committee	Compliance with established controls, check and balance	Ensures Compliance.
Audit Committee	Submits reports on compliance or deviations.	Ensures Compliance.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal Controls are integral part of the company's financial and business policies and procedures. Internal controls consists of all the measures taken by the company for the purpose of: (1) protecting its resources against waste, fraud, and inefficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3) securing compliance with the policies of the organization; and (4) evaluating the level of performance in all organizational units of the organization. Internal controls are ways of the company to implement good business practices.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Board of Directors has reviewed and considered that the internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements are effective and adequate.

(c) Period covered by the review;

April 1, 2014 to March 31, 2015.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system;

Review of internal controls are done regularly, it is embedded in the business operations of the company. When a need for attention arises the management brings it up to the board meetings for discussions and evaluations for timely solutions as possible.

Generally, the determination of the effectiveness of the internal control is really based on the board of directors' judgment resulting from an assessment of the these five components: (1) Control Environment, which provides discipline and structure; (2) Risk Assessment and its impact on internal controls; (3) Control activities, which are the policies and procedures that help ensure management that directives are carried out; (4) Information and communication, which are in a form and time frame that will enable people to carry out their responsibilities and (5) Monitoring, a process that assess the quality of the system's performance over time.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable. The company conducted a review during the year.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting process
It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process.	<ul style="list-style-type: none"> • Organization’s governance • Risk Management • Management controls over: efficiency/effectiveness of operations (including safeguarding of assets) • The reliability of financial and management reporting • Compliance with laws and regulations 	In-house Internal Audit Function	Ma. Rolina S. Servitillo	The Internal audit process is composed of planning, fieldwork, and reporting. Fieldwork results are compiled, presented and discussed with the management. A final summary report then goes to Senior Management and the Audit Committee for review.

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. The audit committee is responsible for the appointment and performance of internal auditor, likewise appointment and/or removal of the internal auditor or the accounting/auditing firm or corporation to which the internal audit function is outsourced requires the approval of the audit committee.

(c) Discuss the internal auditor’s reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The work of internal auditor is reviewed and approved by the audit committee. The audit committee ensures that the internal auditors have free and full access to all company records, properties and personnel relevant to and required by its function and that the internal audit committee shall be free from interference in determining its scope, performing its work and communicating its results.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

There has been no resignation/s or re-assignment of the internal audit staff. The company does not employ internal audit staff from third party auditing firm.

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit’s progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	Conforms to expected progress
Issues⁶	Issues have been resolved satisfactorily
Findings⁷	No material findings
Examination Trends	Conduct appropriate audit procedures on a regular basis

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 2) Preparation of an audit plan inclusive of a timeline and milestones;
- 3) Conduct of examination based on the plan;
- 4) Evaluation of the progress in the implementation of the plan;
- 5) Documentation of issues and findings as a result of the examination;
- 6) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 7) Conduct of the foregoing procedures on a regular basis.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

Policies & Procedures	Implementation
All cash and check receipts are deposited to the bank the same day before cut-off time and the following day after the cut-off time. Deposits to bank accounts are verified the following banking day. Cash counts are being done from time to time. Reconciliation of bank accounts	Full compliance
Payments to the suppliers or for services rendered to the company are paid by check or petty cash vouchers supported by invoices, etc. and duly approved by authorized senior officer.	Full compliance
Credit accommodations and limits are established, verified by authorized officers.	Full compliance

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
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⁶ “Issues” are compliance matters that arise from adopting different interpretations.

⁷ “Findings” are those with concrete basis under the company’s policies and rules.

<p>Reports only to the audit chairman or members of the audit committee. Report of external auditor is approved by the audit committee and board of directors.</p>	<p>Credit accommodations on tuition fees are approved by the President and/or Treasurer.</p>	<p>The company has no dealings with investment banks.</p>	<p>No dealing with rating agencies.</p>
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(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Chairman and the President of Centro Escolar University attest to the company’s full compliance with the SEC Code of Corporate Governance. The Board of Directors, Management and Employees of the company have been given proper instruction on their respective duties as mandated by the Code and internal mechanisms are in place to ensure that compliance.

H. ROLE OF STAKEHOLDERS

8) Disclose the company’s policy and activities relative to the following:

	Policy	Activities
Customers' welfare	Upholds customers’ rights and interests.	Upholding students, faculty and personnel welfare .
Supplier/contractor selection practice	Accreditation of qualified contractors and suppliers	Biddings, canvassing
Environmentally friendly value-chain	Involvement of the company in tree planting activities	Tree planting in Manila Boys Town
Community interaction	Involvement of the community in the Company’s advocacy projects.	The Company’s participation in various community projects.
Anti-corruption programmes and procedures?	Maintain High Ethical conduct	Do not accept gifts from suppliers
Safeguarding creditors' rights	Right to receive payments	Issuance of checks and vouchers for payments to creditors

9) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes, the company has a separate corporate social responsibility section. Its purpose is to achieve continuous human development by contributing and giving back to the society. The corporate social responsibility section promotes reading awareness and organizes fund drives for calamity victims.

10) Performance-enhancing mechanisms for employee participation.

(a) What are the company’s policy for its employees’ safety, health, and welfare?

As compliance to the health, industrial safety and welfare provision of the Labor Code, the Company takes steps to protect and maintain the health and welfare of the employees and workers.

The Company has a continuing health and wellness program.

The Company also provides free annual x-ray and hospitalization benefits for employees.

Employees and workers, depending on the length of service, are entitled to minimum of eighteen (18) to maximum of twenty-three (23) working days vacation leave with pay for every year of continuous service and minimum of eighteen (18) to maximum of twenty-three (23) working days sick leave, which are both convertible to cash; and are members of Social Security System, PhilHealth and Pag-ibig.

(b) Show data relating to health, safety and welfare of its employees.

The company provides for the maintenance and cleanliness of the whole company premises. Employees are not allowed to smoke within the office and school compound.

The company has a continuing health and wellness program.

(c) State the company's training and development programmes for its employees. Show the data.

The company has its own faculty and staff in-house training program. The company also provides training for faculty and staff through participation in various seminars and conferences sponsored by professional and other organizations.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

Seventy percent (70%) of the tuition fee increases goes to salary increases and benefits of the employees aside from salary increases derived from CBA negotiations, periodic evaluation, loyalty awards, performance and longevity.

11) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company adheres to the due process requirement in administrative cases. The employees concerned are always entitled to the opportunity to be heard prior to the imposition of any disciplinary penalty in accordance with the Company Rules and Regulations and the Labor Code of the Philippines. Retaliation constitutes misconduct, which can be investigated and penalized accordingly.

I. DISCLOSURE AND TRANSPARENCY

12) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
USAUTO CO, INC.	126,620,891	34.00	USAUTO CO, INC.
U.S. Automotive Co., Inc.	55,963,803	15.02	U.S. Automotive Co., Inc.
PCD Nominee Corp. – Filipino	49,981,575	13.43	Alejandro C. Dizon
Southville Commercial Corporation	29,686,293	7.97	Southville Commercial Corp.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Ma. Cristina D. Padolina	38,316	0.00	0.0103
Cesar F. Tan	19,735	0.00	0.0053
Maria Clara Perlita Erna V. Yabut	4,000	0.00	0.0011
Teresa R. Perez	3,226	0.00	0.0009
Dr. Flordeliza Anastacio	649	0.00	0.0001
Dr. Olivia Limuaco	12,153	0.00	0.0033
Corazon M. Tiongco*	10,115,604	0.00	2.7162
Bernardita T. Traje	753	0.00	0.0002

13) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

14) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Sycip, Gorres, Velayo and Co., Inc.	₱800,000.00 FY2014	Does not apply
Sycip, Gorres, Velayo and Co., Inc.	₱880,000.00 FY2015	Does not apply

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15) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

- Through company website
- E-mail
- Telephone/Fax
- Posting/mail
- News Releases

16) Date of release of audited financial report: July 2015, filed with income tax return to the BIR.

17) Company Website : www.ceu.edu.ph or www.corporate.ceu.edu.ph

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

18) Disclosure of RPT

RPT	Relationship	Nature	Value
Philtrust Bank	Interlocking directorship	Operating Lease	₱24 million a year

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are based on terms similar to those offered to non-related parties. Under the Company policy, shareholders are prohibited to obtain loans and advances from/to the Company.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Per Amended By-Laws, at any meeting of stockholders, the holders of record for the time being of a majority of the stock of the company then issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Ratification of approved corporate acts.
Description	Corporate acts approved by the Board are ratified by the stockholders during the Annual Stockholders' Meeting.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
Voting Right	None
Pre-emptive Right	None
Power of Inspection	None
Right to Information	None
Right to Dividends	None
Appraisal Rights	None

Dividends

Declaration Date	Record Date	Payment Date
February 27, 2015	March 20, 2015	April 17, 2015
July 22, 2014	August 14, 2014	September 10, 2014
October 25, 2013	November 19, 2013	December 12, 2013

June 28, 2013	July 17, 2013	August 8, 2013
November 23, 2012	December 17, 2012	January 15, 2013
December 16, 2011	January 2, 2012	January 25, 2012
September 30, 2011	October 14, 2011	November 10, 2011
May 27, 2011	June 10, 2011	July 7, 2011

Please see website address for dividends: <http://corporate.ceu.edu.ph/shareinformation>

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Sending of Notice of Annual Stockholders' Meeting, together with the Agenda, Annual Report and Proxy.	Per Amended By-Laws, notice of the time and place of holding any annual meeting, or any special meeting of the stockholders, shall be given either by posting the same enclosed in a postage prepaid envelope, addressed to each stockholder of record entitled to vote, or by delivering the same to him in person. The Company observes a minimum of 15 business days for giving out of notices to the Annual; Stockholders' Meeting
Agenda for the Annual Stockholders' Meeting allots a period for stockholders' questions and suggestions.	During the Annual Stockholders' Meeting, questions and/or suggestions from the floor for the continuing improvement of operations of the Company may be given by the stockholders, and these are noted by the management.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

It is the policy of the company to encourage stockholders to participate in the discussions of the above corporate acts during the annual stockholders' meeting when the Presiding Officer opens the floor for discussions of other matters.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

Yes, the company observes a minimum of 15 business days for giving out notices to the Annual Stockholders' Meeting.

- a. Date of sending out notices: June 22, 2015 (Preliminary Information Statement to PSE/SEC.)

b. Date of the Annual/Special Stockholders' Meeting: July 28, 2015

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

5. Result of Annual/Special Stockholders' Meeting's Resolutions.

Resolution	Approving	Dissenting	Abstaining
Cash Dividend Declaration	Unanimous vote of all stockholders present and represented during the Annual Stockholders' Meeting	None	None
Appointment of External Auditor	Unanimous vote of all stockholders present and represented during the Annual Stockholders' Meeting	None	None
Ratification of Approved Corporate Acts	Unanimous vote of all stockholders present and represented during the Annual Stockholders' Meeting	None	None
Amendment of Article third of the Articles of Incorporation changing the principal place of office pursuant to SEC Memorandum Circular No. 6, Series of 2014.	Unanimous vote of all stockholders present and represented during the Annual Stockholders' Meeting	None	None

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

Disclosures with SEC on the same date.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None (No modifications were made in the regulations for the July 22, 2014 Annual Stockholders' Meeting)	N/A (No modifications were made)

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure	% of SH Attending	% of SH in Proxy	Total % of SH
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			(by poll, show of hands, etc.)	in Person		attendance
Annual	Dr. Ma. Cristina D. Padolina Basilio C. Yap Dr. Angel C. Alcala Dr. Alejandro C. Dizon Dr. Johnny C. Yap Ms. Corazon M. Tiongco	July 22, 2014			313,135,437	84.08

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

The stockholders entitled to voter may, at any stockholders' meeting, appoint one person (who need not be stockholders) to act as inspector of election at all meetings of the stockholders until the close of the next annual meeting. If any inspector shall refuse to serve, or neglect to attend, at any meeting of the stockholders, or his office shall become vacant, the meeting may appoint an inspector in his place.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, at every meeting of the stockholders of the Corporation, every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the Corporation; provided, however, that in case of the election of the nine (9) members of the Board of Directors, every stockholder entitled to vote shall be entitled to accumulate his votes in accordance with the provision of law in such case made and provided.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	The proxy shall have been appointed in writing by the stockholder himself, or by his duly authorized attorney.
Notary	The Company does not require notarization of the proxies.
Submission of Proxy	The instrument authorizing the proxy to act shall be exhibited to the Secretary and to the inspectors of election, and shall be lodged with the Secretary if he shall so request.
Several Proxies	The company allows one (1) proxy per shareholder.
Validity of Proxy	The proxies are valid only for the annual Stockholders' Meeting for which it was issued by the stockholders.
Proxies executed abroad	No proxies executed abroad were received during the Annual Stockholders' Meeting
Invalidated Proxy	No proxies were invalidated during the Annual Stockholders' Meeting
Validation of Proxy	Proxies are validated by comparing the same with the Master List of Stockholders.
Violation of Proxy	No proxy violation has been recorded.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
To send notices of annual/special stockholder's meetings according to the by-laws and other applicable rules and regulations.	Notices are given at least 15 business days before the date set for such meeting. Notices of Annual/Special Meeting are electronically filed with PSE and posted in their website.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	1,065 shareholders
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	July 7, 2015
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	July 7, 2015
State whether CD format or hard copies were distributed	Hard copies were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Yes, all stockholders were provided with hard copies

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation.	The stockholders are encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right is not unduly restricted and any doubt about the validity of a proxy is resolved in the stockholders favor.
It is the duty of the Board to promote the rights of stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.	The Board takes the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy.
Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.	Although all stockholders are treated equally or without discrimination, the Board gives minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes, minority stockholders have a right to nominate candidates for board of directors.

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company’s external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The company adheres to applicable disclosure rules and procedures prescribed by its regulators and PSE. Major company announcements are reviewed and approved by the Board as the need arises, and the disclosures thereof are undertaken by the Compliance officer in coordination with the Executive Committee.

- 2) Describe the company’s investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	Full disclosure and transparency in all company’s investor relations programs in accordance with SEC and PSE rules and regulations.
(2) Principles	Timely and factual information to stockholders and the public in general.
(3) Modes of Communications	Telephone, fax, e-mail and news releases.
(4) Investors Relations Officer	Company Treasurer or Corporate Secretary

- 3) What are the company’s rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

No mergers have ever been discussed nor sales of substantial assets.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Readership awareness program	Students in public schools of depressed areas
Scholarship Grants	Underprivileged but deserving students
Financial Assistance to victims of natural disasters	Victims of natural disasters
Health and wellness program	Employees
Fund raising activities	Victims of calamities
Community outreach programs	Manila Boys Town

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Attendance and participation in the deliberations during board meetings	Attendance to constitute a quorum
Board Committees	Attendance and participation in the deliberations during board meetings	Attendance to constitute a quorum
Individual Directors	Contribution to the development of business strategies, evaluation of strategic plans submitted for business development.	Developed business strategies are aligned to the vision and mission of the company.
CEO/President	Implementation of development plan approved by the Board	Effectiveness of the implementation of the approved project.

M. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
Breach of the Corporate Governance Manual	The sanctions range from warning, reprimand, suspension, forfeiture of benefits and/or termination from the service depending on the gravity of the offense.